

NORTH SOMERSET COUNCIL DECISION



DECISION OF: COUNCILLOR MIKE BELL. THE EXECUTIVE MEMBER FOR CAPITAL PROGRAMME INCLUDING MAJOR PROJECTS

WITH ADVICE FROM: THE DIRECTOR OF PLACE, HEAD OF STRATEGIC PROCUREMENT AND S151 OFFICER

DECISION NO: 24/25 DP 270

SUBJECT: AWARD OF THE WINTERSTOKE ROAD BRIDGE REPLACEMENT SCHEME DETAILED DESIGN AND BUILD CONTRACT

KEY DECISION: YES

REASON:

The value of the contract is over what was approved in the initial commissioning plan.

This decision has not been listed on the Council's forward plan. The access to information rules have been followed.

BACKGROUND:

Winterstoke Road Bridge carries Winterstoke Road over the railway mainline from London to the Southwest. Winterstoke Road is adopted highway and a significant local route within Weston-super-Mare managed by the council. The bridge is owned by the Ministry of Defence (MoD) and is responsible for its maintenance and repair. The bridge is built on land owned by Network Rail and Network Rail is also the operator of the railway infrastructure beneath the bridge. An assessment has concluded that it is no longer economically viable to continue repairing the bridge and replacement with new has been recommended.

Following disposal of local estate assets, the MoD has proposed to transfer ownership and maintenance liability of the structure to the local highway authority North Somerset Council, who are currently responsible for maintenance of the carriageway surfacing. This will ensure a transfer of the asset to an authority better placed to manage and maintain the overall asset in the interest of the highway user and local community.

In July 2020, the council entered into a Memorandum of Understanding with the MoD (20/21 DE 66). The MoU provides a formal framework in which the parties (the council and the MoD) will collaborate with each other on the project. The MoU establishes the relationship between the parties and provides a security for funding and decision making, setting out key areas around objectives, principles of collaboration, governance and respective roles and responsibilities.

In January 2021, the council entered into a contract for the preliminary design services (20/21 DP 262). In April 2022, the preliminary design was complete and identified a budget gap against the revised forecast costs.

In April 2023 the MoD and the council entered into a second MoU (22/23 DP 525) which secured the additional funding requirements for the project.

In June 2023, additional design work was commissioned (23/24 DP 4) to carry out a value engineering exercise and update the preliminary design, including technical reviews and approvals by the technical approval authority and Network Rail.

In April 2024, the procurement route to direct award through the Pagabo Civil Engineering and Infrastructure Framework - Railway Specialist was approved (23/24 DP 499). The Rail Transport sub-lot for contracts in the South West region was used and Octavius were selected as the contractor to enter into the pricing exercise with.

Policy

The existing provision for pedestrian and cycling is significantly constrained and below modern standards. There is only pedestrian access over the bridge on the west side of the road, which is the opposite side of the road to Haywood Village. Cyclists are restricted to a mix of no or narrow on-carriageway cycle lanes.

There is currently a weight limit on the bridge of 7.5 tonnes, restricting access to HGV's. It therefore is no longer the division route for the motorway.

The project will create wider pedestrian paths on both sides of the road, an off-carriageway cycle lane and remove the weight restriction.

It will also improve the slope geometry of the approach ramps.

Through these changes, the project outputs strongly link to the priorities in the Corporate Plan in particular "a thriving and sustainable place" as well as "a council which empowers and cares about people". The project supports policies outlined in the Core Strategy such as;

- CS10 Transportation and movement
 - Improved access to pedestrians
 - Improved access to cyclists
 - Mitigate traffic congestion
 - Improve connectivity between south and north of the railway
- CS15 Mixed and balanced communities
 - Improved access to those with reduced mobility
- CS20 Supporting a successful economy
 - Re-introduction of HGV's over the bridge improving access to the industrial areas of Winterstoke, removing them from going through residential areas / town centre.

DECISION:

To approve the award of the Detailed Design and Construction contract for Winterstoke Road Bridge, Weston-super-Mare to Octavius Infrastructure Limited for the value of £26,735,491.05 which includes their Target Cost and an estimate for inflation which the contractor is entitled to under the contract.

REASONS:

Introduction

In order to meet the proposed project outputs and outcomes to a satisfactory quality to all stakeholders, it is essential for NSC to appoint external design and construction services to complete this project.

The scope of works of the scheme includes:

- Demolition and removal of the existing road bridge.
- Construction of a new bridge structure.
- Resurfacing of the road and highway drainage repair adjacent to the bridge.

The objectives of the Scheme include:

- Provision of a new bridge with a 120-year life span.
- Improved accessibility for the community.
- Deliver social value.
- The ambition to get to as close to net zero carbon as possible.
- Minimise impact on the community during construction
- Enabling future electrification of the railway.

The procurement plan identified a single design and build construction contract was the preferred form of contract for the bridge replacement project.

Contract Terms and Conditions

The Contractor will be appointed under a NEC4 Engineering and Construction Contract. This is a target cost construction contract with a pain gain mechanism to encourage the contractor to deliver the project within the target cost. A target cost has been submitted as part of the contractor's tender.

The contract includes NEC contract clauses X1 (Price Adjustment for Inflation) X2 (Changes in Law), X4 (Parent Company Guarantee), X7 (Delay Damages), X9 (Transfer of rights), X15 (The Contractor's Design) and X16 (Retention).

North Somerset Council are entering into a single construction contract that enables design and construction activities to be undertaken. This form of contract offers significant programme benefits to the project over an approach using separate professional service and construction contracts, addressing the potential for protracted procurement process and subsequent contract negotiations for two separate contracts, which the current programme constraints will not allow for. The programme is optimised by constructing the pedestrian and services bridge while design of the main bridge is concluded.

The target cost is an estimate, including overheads and fees, of the value of work required to deliver the project. Under the contract the contractor is paid the actual costs to deliver the contract plus the contractor's fees and overheads. If the cost to deliver the contract is different to the target cost, then the difference is shared between the contractor and client in accordance with the table below.

Cost against target cost	Contractor's Share Percentage	<i>Example: If the target cost were agreed at £25m</i>	Financial risk
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Less than 80%	10%	<i>Scheme cost <£20m</i>	None, the MOD benefit from a share of the savings.
From 80% to 90%	25%	<i>Scheme cost between £20m and £22.5m</i>	None, the MOD benefit from a share of the savings
From 90% to 120%	50%	<i>Scheme cost between £22.5m and £30m</i>	The MOD could pay up to an extra £2.5m (50%) above target cost
Greater than 120%	100%	<i>Scheme cost >£30m</i>	None the financial risk sits with the contractor

The project team has considered that the risk of inflation to the project and the management of this risk sits best with North Somerset Council to avoid inflating the contractor's price. This is reflected by inclusion of clause X1 in contract under which the Price is adjusted for inflation.

The contract includes a delay damages clause, X7 which enables North Somerset Council to recover costs incurred should the works be delivered late. These costs can only be a reflection of costs incurred due to delay and cannot be set at a punitive level. As such, they will reflect ongoing costs to NSC should the project overrun including professional fees for contract supervision and staff costs.

Governance

The Winterstoke Road Bridge Project Board will provide assurance for the project, and will include the MOD. The board is chaired by the project's Senior Responsible Owner (SRO) who acts as the lead for the overall project, representing various stakeholders and the Board as well as ensuring the project progresses in line with the Project Plan and the agreed outputs are achieved. The Board will provide high level challenge and independent assessment, with particular emphasis on overseeing delivery including programme, budget and quality to ensure ongoing value for money and satisfactory quality for all stakeholders. The Board will steer, direct, co-ordinate and oversee delivery in line with NSC's approved Projects & Property PMO delivery framework.

The project will report to NSC's Capital Programme Projects and Delivery Board (CPPDB) which ensures quality, consistency of approach and co-ordination across the Capital Programme as part of NSC's Capital Strategy. It will also oversee operational, risk and financial performance of the project to ensure alignment to NSC's intended outcomes and make recommendations to decision makers.

Market engagement

Market Engagement on the approach to the contract and procurement is described in the Procurement Plan 23/24 DP-499

Award criteria

The tender was evaluated on the basis of price and quality.

Five quality questions were asked covering the areas below;

1. Organisation, Key People & Delivery
2. Minimising / Eliminating Disruption to the Local Community
3. Minimising Carbon and Environmental Net Gain

4. Project Risks
5. Value for Money

The quality submission was scored using the matrix in the table below. The tender could be rejected if the response to any question scored 2 or below.

Score	Classification	Award Criteria
5	Excellent	A response that inspires confidence; specification is fully met and is robustly and clearly demonstrated and evidenced. Full evidence as to how the contract will be fulfilled either by demonstrating past experience or through a clear process of implementation.
4	Good	A response supported by good evidence/examples of the Bidders' relevant ability and/or gives the council a good level of confidence in the Bidders' ability. All requirements are met and evidence is provided to support the answers demonstrating sufficiency, compliance and either actual experience or a process of implementation.
3	Satisfactory	A response that is acceptable and meets the minimum requirement but remains limited and could have been expanded upon.
2	Weak	A response only partially satisfying the requirement with deficiencies apparent. Not supported by sufficient breadth or sufficient quality of evidence/examples and provides the council a limited level of confidence in the Bidders' ability to deliver the specification.
1	Inadequate	A response that has material omissions not supported by sufficient breadth and sufficient quality of evidence/examples. Overall the response provides the council with a very low level of confidence in the Bidders' ability to deliver the specification.
0	Unsatisfactory	No response or response does not provide any relevant information and does not answer the question.

The Price submission was reviewed by Atkins Realis. The Pricing submission was in the form of a Target Cost, which includes both detailed design and construction. These costs related to staff costs for Octavius and supply chain inclusive of Ramboll for detailed design.

Procurement procedure & publishing information

The opportunity was published on the Supplying the South West Procurement Portal in July 24 and Octavius were invited to tender as a single supplier under the Pagabo Civil Engineering and Infrastructure Framework - Railway Specialist, £15m to £30m. The submission deadline was 2nd August 24.

Evaluation Panel Members

The evaluation panel was as follows:

- Winterstoke Road Bridge Senior Project Manager
- NSC Major Projects Programme Manager
- AECOM Employers Agent PM

A moderation of the quality assessment was facilitated by an NSC Procurement Officer on the 5th August 2024 to obtain a consensus score.

Evaluation outcome

The following scores were awarded to each question following the moderation session.

1. Organisation, Key People & Delivery	4
2. Minimising / Eliminating Disruption to the Local Community	4
3. Minimising Carbon and Environmental Net Gain	4
4. Project Risks	5
5. Value for Money	4

Each response to the quality questions scored above 3 so the submission is deemed acceptable in terms of quality.

Social Value

The tender includes a Social Value offering which includes but is not limited to the following deliverables:

- Supporting students at local schools and colleges
- Provision of “support into work” assistance to unemployed people
- Hours volunteering to local community projects
- Donations towards environmental and biodiversity initiatives
- Paid work placements
- Spend in local supply chain

This will be managed by the project team and reported on through the Project Board and regular scrutiny meetings.

Contract Management

The contract will be managed by North Somerset Council’s Employers Agent, AECOM.

The day-to-day management of contract performance, early warnings, formal instructions, payment certificates and programme revisions are recorded by AECOM. AECOM will be assisted and managed by officers of North Somerset Council. The client team will continue to have a specific senior project manager and supporting colleagues to ensure delivery of all key elements to time and budget and in line with the programme management office governance and project management requirements.

The contractor will take an open book accounting including the supply chain packages of work to substantiate the defined costs and subsequently inform the contractor’s application for payment.

Regular meetings are already held with AECOM and will continue throughout the project.

Performance and progress will be reviewed at regular meetings with the contractor and their design partner. The use of Key Performance Indicators (KPIs) will be used as a tool to measure

performance of the supplier. These will be based around the core principles of time, cost and quality but will also link back to the quality element of the successful supplier's submission. These KPIs will not be linked to any financial penalties and will be agreed post-contract award with the winning bidder.

Monthly bespoke reports will be produced by the contractor to monitor their progress against the key criteria in addition to the requirements that form part of the NEC contract. In addition, a monthly progress report will be produced and submitted.

The NEC4 contract chosen for the project will contribute to performance management. Stimulus to good management is an important objective of the NEC4 contract form, in that the contractual procedures in the contract are specifically designed to contribute to, rather than distract from, management of the works. The whole ethos in the contract is for the parties to share their knowledge to prevent problems occurring – unlike more traditional forms of contracts. The contract is designed to provide a modern method for everyone to work collaboratively so to bring about successful delivery.

OPTIONS CONSIDERED:

Option 1 – enter into contract

The direct award route has enabled extensive liaison between the contractor, NSC and key stakeholders Network Rail and the utility providers, to ensure 3rd party requirements are understood and reflected in the target cost. The contractor's target cost includes a number of sub-contractor work packages. More standardised work packages have each gone out to multiple suppliers to get a range of quotes. More specialist packages have been priced by specialist sub-contractors informing a fit for purpose scope, ensuring the quote meets our needs.

Accepted – This open book process and review by AECOM and NSC ensures value for money.

Option 2 – Go back out to market

Going back out to market seeking a lower cost would unlikely return a reduced target cost but would very likely increase the overall cost of the project. This is because of the significant delay to the programme due to the missed possession date for demolition. Inflation would impact the project as well as damage to NSC's reputation.

Rejected – This would not deliver value for money and result in increased costs

FINANCIAL IMPLICATIONS:

Costs

The contract will be awarded at the value of the target cost of £25,383,443.05. This includes costs to deliver the works, as well as the contractor's risks allowances. It excludes inflation which will be applied via the X1 clause, estimated to be £1.352m.

Therefore, the total approval requested under this decision is **£26,735,491.05**.

Existing spend, forecast staff costs, forecast spend on current & future contracts equates to £32,866,250. This excludes the commuted sum.

A commuted sum calculation will be completed as part of the detailed design and won't be required until post completion.

Risks will be continuously reviewed and allowances made within the risk pot.

Funding

The funding is secured via the Memorandum of Understanding (22/23 DP 525) between the MOD and NSC. Through the MOU, the MOD are responsible for and will fully fund the bridge replacement (save for NSC's contribution of £450k) and pay a commuted sum to the council to allow the council to maintain the new bridge in a good and proper state of repair.

NSC's contribution of £450,000 will come from JLTP funding over 3 years with £50k in 2020/2021; £200k in 2021/2022 and £200k in 2022/2023.

MOD submitted a Review Note 2 to increase the budget which was approved July 2024.

The current total budget for the scheme **capital and commuted sum** is £34,684,167 (excluding VAT).

Current Approved Capital Budget £32,184,167 (exc VAT)

Although there is currently a gap of £0.68m, there is sufficient comfort to enter into contract given;

- The MoD are liable to cover the costs of the project
- There is sufficient time for the additional funding claim to be made, if indeed it is needed
- The £6.39m of risk held in the construction contract, although at this stage of the project is appropriate, the pain / gain contract mechanism means that the MoD will benefit from the project being delivered below the Target Cost.

The additional funding from the MoD is to be claimed over financial years 2025/26-2027/28.

LEGAL POWERS AND IMPLICATIONS

Under the 1958 deeds the MOD is obliged to fund the maintenance and repair of the bridge. At present there is a permanent weight restriction of 7.5 tonnes on the bridge to address the concerns with the structures condition.

Once replaced to an adoptable standard the bridge will form part of the public highway and will be maintained by the council through a commuted sum payment from the MOD.

CLIMATE CHANGE AND ENVIRONMENTAL IMPLICATIONS

NSC declared a Climate Emergency in February 2019 and an Ecological Emergency in November 2020, pledging to provide the leadership to enable North Somerset to become carbon neutral by 2030. The resulting Climate Emergency Strategy identifies seven key principles to be considered by the work of the Council going forward to support the achievement of this commitment.

This project will impact upon these principles through choices made for the design, construction and maintenance of the bridge. The tender will include a question on carbon managements approach and innovation to demonstrate key understanding, commitment and tangible deliverables to reduce and offset carbon both during construction and to help deliver carbon

reduction targets during operation. Once in contract, the contractor will report on the progress of their carbon commitments alongside all other KPIs.

As a general approach, the project will look to deliver a minimum of 10% Biodiversity Net Gain as well as aiming to reduce carbon through its delivery across the supply chain, following the principles of the PAS 2080 framework. The project will also deliver the scope in line with the principles of a bespoke assessment similar to CEEQUAL, proportionate to project cost/time constraints, ensuring that the project is delivered sustainably across all areas and aspects, not just carbon mitigation.

In addition, a Procurement Plan Climate Risk Assessment has been carried out ahead of this procurement to highlight any potential environmental and sustainability risks and considerations within the scope of this contract, allowing the necessary mitigations to be put in place.

CONSULTATION

Consultation and assessment on the value for money of the contract has been carried out within the project team as well as at project board level.

As part of the wider project, a bespoke communications strategy has been developed and coordinated pro-active communications have been undertaken to date with the local community and businesses, local Councillors, the Executive Member and senior NSC officers. Regular updates will be provided as the project progresses.

PROCUREMENT

If this is a procurement over £5000 has the mandatory pre-procurement engagement form been sent to procurement? Yes

RISK MANAGEMENT

Risk	Inherent risk score	Residual likelihood	Residual impact	Residual risk score	Comments
The construction costs are higher than budgeted	MEDIUM	2	3	LOW	Impact - the scheme potentially becomes unaffordable. Mitigation - Mechanisms in the contract to ensure contractor is only paid what they are due. Explore further VE opportunities that were identified during tender, during detailed design. Run a QCRA to inform risk pot.
Network Rail requirements delay scheme	MEDIUM	3	3	LOW / MEDIUM	Impact - delay in approvals by NR delays programme

					Mitigation - Early engagement and continuing relationship with NR, including making bidders aware of possession constraints as early as possible
Lack of alignment with project outcomes	MEDIUM	2	2	LOW	Impact - Benefits not achieved and/or needs not met Mitigation - Specify contract and performance metrics aligned with agreed Project Brief and critical success factors

EQUALITY IMPLICATIONS

Have you undertaken an Equality Impact Assessment? Yes

An initial EIA was undertaken in May 2022. Assessment has been undertaken as part of scheme development however a full EIA for the project will be undertaken as part of the project detailed design phase. The scheme proposed enhanced pedestrian and cycle facilities and linkages across and adjacent to the new bridge.

CORPORATE IMPLICATIONS

The project is aligned with the following policies from the Core Strategy:

- CS10 Transportation and movement
- CS15 Mixed and balanced communities
- CS20 Supporting a successful economy

APPENDICES

None

BACKGROUND PAPERS

Wider Project Documents:

[Initial Equality Impact Assessment](#)

[22/23 DP 525 MoD Memorandum of Understanding](#)

[20/21 DE 117 Basic Asset Protection Agreement](#)

Previous Procurement Process:

Commissioning Plan & acceptance of MOD funding: COU 104 dated 12 November 2019

[19/20 DE 257 - Procurement Plan: D&B of WRB and adjacent highway in WsM](#)

[20/21 DP 257 - Procurement Plan 19/20 DE 257: D&B of WRB and adjacent highway in WsM](#)

- AMENDMENT

20/21 DP 262 - Contract Award for Stage 1 of the D&B services of WRB and adjacent highway in WsM

21/22 DP 371 - Contract Value increase approval for Stage 1 of the D&B services of WRB in WsM

22/23 DP 83 - Contract Value increase approval for Stage 1 of the D&B services of WRB in WsM

23/24 DP-499 – Procurement Plan 2 for the Winterstoke Road Bridge Detailed Design and Build Services

SIGNATORIES:

DECISION MAKER(S):



Signed:
Projects

Executive Member for Capital Programme Including Major

Date: 2nd October 2024

WITH ADVICE FROM:



Signed:

Director of Place

Date: 2nd October 2024



Signed:

S151 Officer

Date: 2nd October 2024



Signed:

Head of Procurement

Date: 2nd October 2024