



Department for

**Infrastructure**

An Roinn

**Bonneagair**

Department for

**Infrastructure**

[www.infrastructure-ni.gov.uk](http://www.infrastructure-ni.gov.uk)

# Procurement Enhancement Programme – Roads

Works (up to £5m) and Maintenance

## Procurement Strategy

Final Version

Published 31 March 2023

# Contents

<b>0</b>	<b>Executive Summary</b>	<b>4</b>
0.1	Purpose	4
0.2	PEP Aims	4
0.3	PEP Scope	5
0.4	Procurement Strategy	6
	<b>PART 1 – STRATEGY DEVELOPMENT</b>	<b>9</b>
<b>1</b>	<b>Introduction</b>	<b>9</b>
1.1	Purpose	9
1.2	PEP Aims	9
1.3	Limitations	10
1.4	Procurement Regulations	10
<b>2</b>	<b>Procurement Requirements</b>	<b>11</b>
2.1	Scope	11
2.2	Current Approach and Characteristics	12
<b>3</b>	<b>Procurement Strategy Development</b>	<b>14</b>
3.1	Development Process	14
3.2	Best Practice – Construction Toolkit	14
3.3	Lessons Learned – Midlands Highways Alliance	15
<b>4</b>	<b>Stakeholder &amp; Market Consultation</b>	<b>16</b>
4.1	Overview	16
4.2	Early Stakeholder Feedback	16
4.3	Market Consultation Process	17
4.4	Basis of Market Consultation	17
4.5	Consultation Feedback and Response	19
	<b>PART 2 – PROCUREMENT STRATEGY</b>	<b>20</b>
<b>5</b>	<b>Packaging &amp; Contracting</b>	<b>20</b>
5.1	Strategic Approach	20
5.2	Framework Contract Key Principles	22
5.3	Contract Form	23
<b>6</b>	<b>Procurement Route</b>	<b>24</b>
6.1	Procurement Route Key Principles	24
6.2	Framework Award Procedures	25
<b>7</b>	<b>Benefits Realisation</b>	<b>26</b>
7.1	Key Benefits of the Procurement Strategy	26
7.2	Risk Management	26

<b>PART 3 – PLANNING &amp; DELIVERY</b>	<b>27</b>
<b>8 Category Procurement Plans</b>	<b>27</b>
8.1 Overview	27
8.2 Scope of Category Procurement Plans	27
8.3 Resources and Capabilities	28
8.4 IT Enabled Delivery	29
<b>9 Schedule and Planning</b>	<b>29</b>
9.1 Procurement Timetable	29
<b>Appendix A Responses to Stakeholder Feedback</b>	<b>31</b>
<b>Appendix B Illustrative Procurement Timetable</b>	<b>34</b>

## 0 Executive Summary

### 0.1 Purpose

0.1.1 This procurement strategy ('Procurement Strategy') relates to the procurement of road maintenance and improvement works up to £5million by the Department for Infrastructure – Roads ('DfI Roads'). It has been developed as part of DfI Roads' Procurement Enhancement Programme (PEP) and has been informed by good practice, lessons learnt, and input from key stakeholders, including the market.

### 0.2 PEP Aims

0.2.1 The aims of the PEP are:

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

- To consider and implement an appropriate standard form of contract, such as the NEC4, to best support the benefits of the delivery of the new procurement strategy and the desired collaborative way of working.
- To introduce opportunities for early contractor involvement into the design, planning and programming of maintenance and works projects to achieve efficiency, productivity, and social value improvements.
- To identify and review the level of skills and capabilities required to support the new procurement strategy and associated contract management responsibilities.
- To identify and incorporate opportunities and requirements for social value policies and objectives into the procurement strategy and procedures.

### 0.3 PEP Scope

0.3.1 DfI Roads is responsible for the maintenance of over 25,000km of public roads together with about 9,700km of footways, 5,800 bridges, and 290,000 streetlights. The maintenance and improvement works are managed by four Divisions of DfI Roads, Northern, Southern, Eastern and Western, as shown in Figure 0.1.

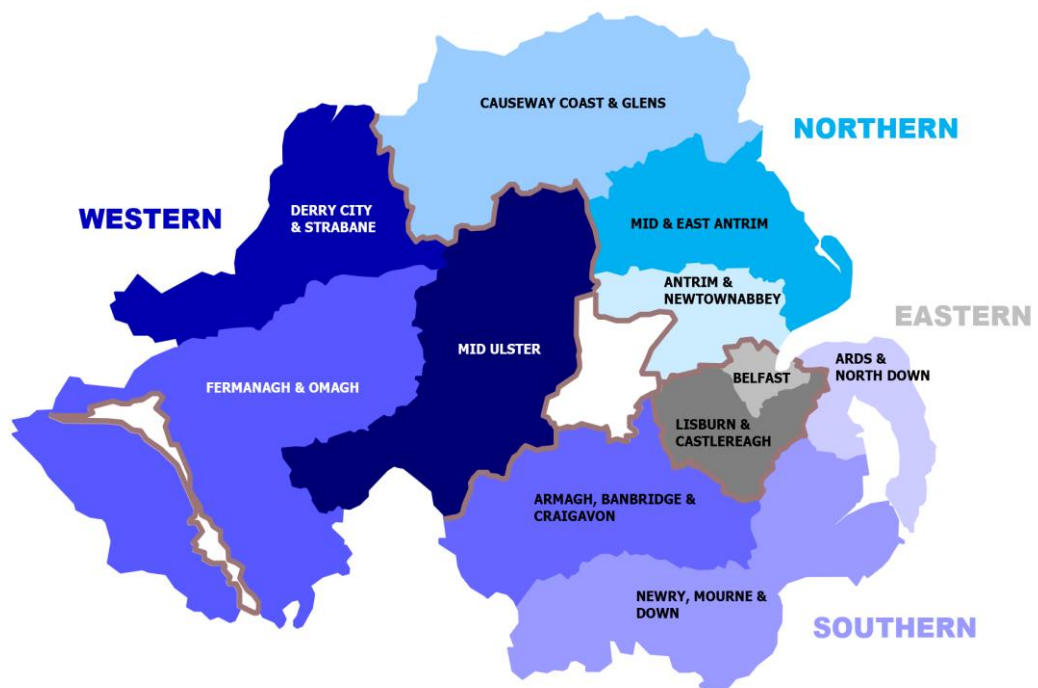


Figure 0.1: DfI Roads Divisions

0.3.2 In relation to assets that are maintained by DfI Roads, the scope of the Procurement Strategy includes:

- All the roads and civil engineering maintenance and improvement works valued up to £5million) as detailed in Table 0.1.
- Design services.
- Supervision requirements.

<b>Table 0.1 Maintenance and Improvement Works Scope</b>		
<b>Description</b>	<b>Works Value Range</b>	<b>Approx. Annual Expenditure £M (20/21 prices)</b>
Maintenance and Improvement of Structures	All values up to £5M	3
Safety Barriers	All values up to £5M	1
Improvements Works	Above SSR value to £5M	15
Resurfacing maintenance and improvements	Above SSR value to £5M	90
Surface Dressing	All values up to £5M	10
Surface Treatments	All values up to £5M	1
Small Scale and Responsive Works (SSR)	All values up to £50k	15
Environmental Maintenance, e.g., Grass Cutting/Weed Control/Gully Emptying	All values up to £5M	5
Road Markings	All values up to £5M	2
Maintenance and Improvement of Street Lighting	All values up to £5M	25
<b>Total</b>		<b>167</b>

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

## 0.4 Procurement Strategy

0.4.1 The Procurement Strategy sets out the high level approach that DfI Roads intends to implement, which will be further developed in Category Procurement Plans. Key features of the Procurement Strategy are described below.

- **Use of Frameworks.** Frameworks will be used to support efficient procurement, contract flexibility, delivery resilience, and the establishment of best practice groups to support continual improvement and value for money. There will be 11 Frameworks in total, released in 9 tranches, each with a 4-year term, covering all requirements for maintenance and improvement works up to £5million. Nine procurement exercises over a four year period will replace the current approach of 30+ tender releases over a five year period.

- **The number of contracts will be reduced.** A total of around 70 Framework Lots will be awarded (across all 11 Frameworks) compared to 100+ individual contracts awarded under the current approach. This circa 30% reduction in the number of contracts seeks to balance delivery efficiency with providing sufficient opportunities to sustain long-term competition in the market.
- **Each Framework Lot will represent a works area.** Each Framework Lot will cover a unique geographical works area. The scope of each Lot will be delivered using a 4-year Measured Term Contract (MTC). The number of Lots indicated in Table 0.2 represents the number of works areas currently expected to be awarded under each Framework.
- **The Framework Scope will cover Projects valued up to £5million.** Suppliers appointed to each Framework may be invited to compete for Projects (see Table 0.2) that are located within the MTC works areas covered by the Framework.
- **Framework suppliers.** Each Framework Lot will be awarded to a single primary supplier that will deliver all the scope under the MTC. For each Framework Lot, a reserve supplier will be appointed that can be called upon as a contingency where there is there is repeated unacceptable performance or non-delivery. It is also the intention is to appoint one or more community suppliers from the lower ranked tenderers that have provided an acceptable quality submission. Such community suppliers would not be involved in MTC delivery but would be able to tender for Projects that are subject to mini competitions.
- **Best Practice.** Each Framework contract will establish a best practice community to encourage sharing of good practice across the Framework to drive continuous improvement in all aspects of delivery, including contract management.
- **NEC4 will be used.** NEC4 will be used for the Framework contracts and Projects. As an interim measure, the Infrastructure Conditions of Contract (ICC) Term contract will be used for MTCs to deliver maintenance and smaller improvements (generally capped at £750k + inflation factor). Each Category Procurement Plan will consider whether changing to a NEC4 Term Contract for MTCs is practicable, with the aim of implementing NEC4 as soon as possible.
- **There will be a rolling annual programme of surfacing Frameworks.** Surfacing will be divided into 17 works areas aligned with Section Office boundaries. These will be allocated between four Frameworks and each Framework will have a geographical spread of works areas across Northern Ireland.
- **There will be market share limitations to maintain long-term competition.** Suppliers will be limited to winning a maximum number of Lots per Framework (as indicated in Table 0.2). There may be additional limitations regarding the number of Lots that each Supplier can win per Division.

Table o.2 Packaging and Contracting Strategy						
Ref.	Framework Title	Term (Yrs.)	No. of Lots	Scope of Each Framework Lot	Approx. Value of all MTC's (£m p.a.)	Max. No. of Lots that can be won by one Supplier
F1	Surfacing One <i>(Procured in Year 1)</i>	4	5 <i>(NSEW Coverage)</i>	A Measured Term Contract for <u>one Contract Area</u> for works £50k to £750k; further opportunities to bid through mini competition for Projects from £750k to £5m required in all areas covered by the Framework	30	2
F2	Surfacing Two <i>(Procured in Year 2)</i>	4	4 <i>(NSEW Coverage)</i>	A Measured Term Contract for <u>one Contract Area</u> for works £50k to £750k; further opportunities to bid through mini competition for Projects from £750k to £5m required in all areas covered by the Framework	25	2
F3	Surfacing Three <i>(Procured in Year 3)</i>	4	4 <i>(NSEW Coverage)</i>	A Measured Term Contract for <u>one Contract Area</u> for works £50k to £750k; further opportunities to bid through mini competition for Projects from £750k to £5m required in all areas covered by the Framework	25	2
F4	Surfacing Four <i>(Procured in Year 4)</i>	4	4 <i>(NSEW Coverage)</i>	A Measured Term Contract for <u>one Contract Area</u> for works £50k to £750k; further opportunities to bid through mini competition for Projects from £750k to £5m required in all areas covered by the Framework	25	2
F5A	Surface Dressing	4	7	A Measured Term Contract for <u>one Contract Area</u> for works £0k to £750k	10	3
F5B	Surface Treatments	4	4	A Measured Term Contract for <u>one Contract Area</u> for works £0k to £750k	1.5	2
F6A	Structures	4	4	A Measured Term Contract for <u>one Contract Area</u> for works £0k to £750k; further opportunities to bid through mini competition for Projects from £750k to £5m required in all areas covered by the Framework	3	2
F6B	Safety Barriers	4	4	A Measured Term Contract for <u>one Contract Area</u> for works £0k to £750k; further opportunities to bid through mini competition for Projects from £750k to £5m required in all areas covered by the Framework	2	2
F7	Street Lighting	4	8	A Measured Term Contract for <u>one Contract Area</u> for works £0k to £750k; further opportunities to bid through mini competition for Projects from £750k to £5m required in all areas covered by the Framework	30	3
F8	Transport & Roads Civils Works	4	8	A Measured Term Contract for <u>one Contract Area</u> for works £50k to £750k; further opportunities to bid through mini competition for Projects from £750k to £5m required in all areas covered by the Framework	30	2
F9	Routine Maintenance & Small Works	4	17	A Measured Term Contract for <u>one Contract Area</u> for works £0k to £50k <i>Coverage includes Small Scale Responsive Works; Environmental Maintenance (Grass Cutting / Gully Emptying); and Road Markings Only</i>	30	4

NSEW = North, South, East, West

MTC = Measured Term Contract



# PART 1 – STRATEGY DEVELOPMENT

## 1 Introduction

### 1.1 Purpose

1.1.1 This procurement strategy ('Procurement Strategy') relates to the procurement of road maintenance and improvement works up to £5million by the Department for Infrastructure – Roads ('DfI Roads'). It has been developed as part of DfI Roads' Procurement Enhancement Programme (PEP) and has been informed by good practice, lessons learnt, and input from key stakeholders, including the market.

### 1.2 PEP Aims

1.2.1 The aims of the PEP are:

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

- To consider and implement an appropriate standard form of contract, such as the NEC4, to best support the benefits of the delivery of the new procurement strategy and the desired collaborative way of working.
- To introduce opportunities for early contractor involvement into the design, planning and programming of maintenance and works projects to achieve efficiency, productivity, and social value improvements.
- To identify and review the level of skills and capabilities required to support the new procurement strategy and associated contract management responsibilities.
- To identify and incorporate opportunities and requirements for social value policies and objectives into the procurement strategy and procedures.

## 1.3 Limitations

- 1.3.1 The Procurement Strategy sets out the high-level approach that DfI Roads intends to implement, which will be developed and refined in detailed procurement plans.
- 1.3.2 Section 8 'Category Procurement Plans' sets out a summary of the details that will be developed and confirmed during the procurement planning stage.

## 1.4 Procurement Regulations

- 1.4.1 The UK left the European Union (EU) on 31 January 2020. The Public Procurement (Amendment etc.) (EU Exit) Regulations 2020 essentially retain the Public Contracts Regulations 2015 but with changes to certain EU references to ensure that the amended Regulations continue to be capable of operation post-Brexit.
- 1.4.2 Following a consultation, the UK government is developing new procurement regulations, which are currently passing through Parliament. The new regulations are not expected to come into force until 2024 at the earliest, but they will need to be considered further as part of detailed procurement planning.
- 1.4.3 Category Procurement Plans will be developed to ensure compliance with the relevant Regulations (see section 8).

## 2 Procurement Requirements

### 2.1 Scope

2.1.1 DfI Roads is responsible for the maintenance of over 25,000km of public roads together with about 9,700km of footways, 5,800 bridges, and 290,000 streetlights. The maintenance and improvement works are managed by four Divisions of DfI Roads, Northern, Southern, Eastern and Western, as shown in Figure 2.1.

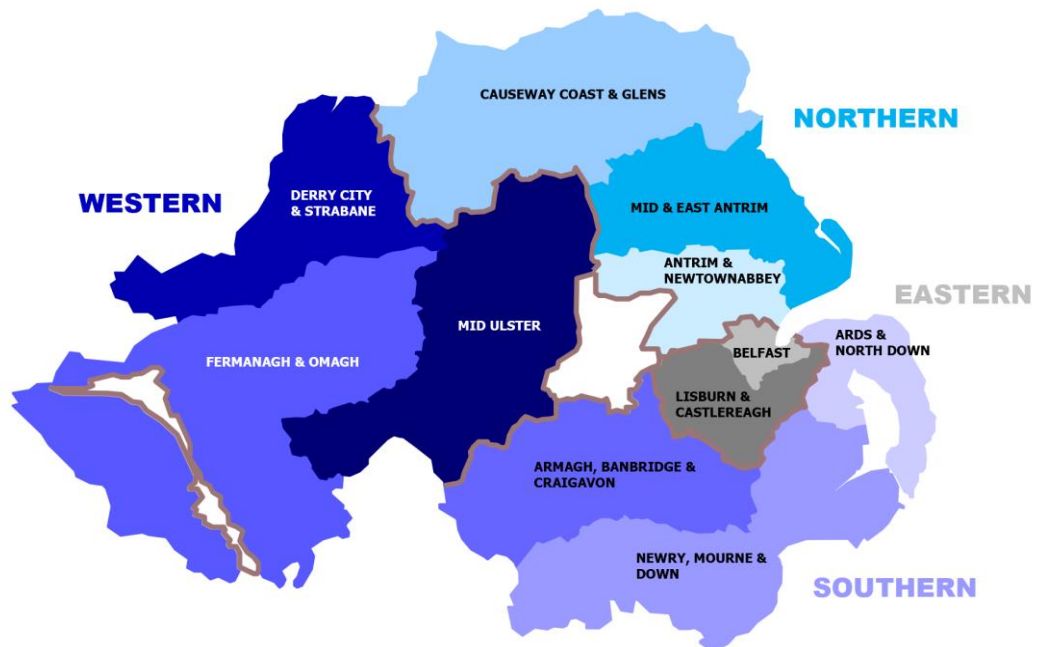


Figure 2.1: DfI Roads Divisions

2.1.2 In relation to assets that are maintained by DfI Roads, the scope of the Procurement Strategy includes:

- All the roads and civil engineering maintenance and improvement works valued up to £5million) as detailed in Table 2.1.
- Design services.
- Supervision requirements.

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

<b>Table 2.1 Maintenance and Improvement Works Scope</b>		
<b>Description</b>	<b>Works Value Range</b>	<b>Approx. Annual Expenditure £M (20/21 prices)</b>
Maintenance and Improvement of Structures	All values up to £5M	3
Safety Barriers	All values up to £5M	1
Improvements Works	Above SSR value to £5M	15
Resurfacing maintenance and improvements	Above SSR value to £5M	90
Surface Dressing	All values up to £5M	10
Surface Treatments	All values up to £5M	1
Small Scale and Responsive Works (SSR)	All values up to £50k	15
Environmental Maintenance, e.g., Grass Cutting/Weed Control/Gully Emptying	All values up to £5M	5
Road Markings	All values up to £5M	2
Maintenance and Improvement of Street Lighting	All values up to £5M	25
	<b>Total</b>	<b>167</b>

## 2.2 Current Approach and Characteristics

2.2.1 The current approach to delivery of maintenance and minor improvement works was developed in 2005. The packaging and contracting arrangements involve a range of Measured Term Contract (MTC) packages across Northern Ireland for each main category of works as shown in Table 2.2.

<b>Table 2.2 Current Contract Structure</b>			
<b>Category</b>	<b>Contract</b>	<b>Typical Works Order Values*</b>	<b>No. of Areas</b>
Repairs to Structures	Area-based 3 to 5-year MTC	£0-£500k	8
Minor Improvements	Area-based 3 to 5-year MTC	£15/50k-£500k	8
Surface Dressing	Area-based 3 to 5-year MTC	£0-£500k	7
Surface Treatments	Area-based 3 to 5-year MTC	£0-£500k	4
Small Scale and Responsive Works	Area-based 3 to 5-year MTC	£0 - £15/50k	12
Environmental Maintenance (Grass Cutting/Weed Control/Gully Emptying)	Area-based 3 to 5-year MTC	£0-£500k	8
Road Markings	Area-based 3 to 5-year MTC	£0-£500k	8
Street Lighting	Area-based 3 to 5-year MTC	£0-£500k	8
Resurfacing	Area-based 3 to 5-year MTC	£15/50k-£500k	24
	<b>Total</b>		<b>87</b>

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

2.2.2 The current procurement approach includes the following key features and characteristics:

- Design and supervision are undertaken by DfI Roads with some external support.
- There is a high procurement resource requirement with 30+ tender releases required over a rolling five-year period to maintain the current contracting approach.
- An interim strategy for surfacing – known as the 'Interim Term Contracts for Asphalt Resurfacing' (ITCAR) – is being implemented to overcome the high levels of challenge to previous DfI Roads' procurement exercises.
- MTCs are based on the Infrastructure Conditions of Contract (ICC) covering nine 'categories' of maintenance and improvement works.
- Each MTC is awarded to a single supplier on a 'geographical area' basis.
- Contract management resources are responsible for administering around 100 MTC's on an ongoing basis, plus up to eight 'one-off' contracts per annum.
- The recent basis of the MTC competitions has been 'price only.' Forthcoming MTC procurements will change to a 20/80 'quality and price' approach.
- A supplier can win up to 50% of the MTCs in any procurement tranche.
- In total, the full range of MTCs are currently delivered by fewer than twenty different companies.
- The current MTC arrangements provide DfI Roads with limited alternative delivery options if suppliers do not provide an acceptable service.

## 3 Procurement Strategy Development

### 3.1 Development Process

3.1.1 The Procurement Strategy development process followed five key steps:

- 1) Define and understand the PEP Aims.
- 2) Determine the scope of the requirements to be procured by the DfI Roads.
- 3) Strategy development – produce a 'prototype' packaging strategy, contracting strategy and procurement route for market and stakeholder consultation to meet the PEP Aims.
- 4) Stakeholder meetings and a formal market consultation based on a briefing pack and questionnaire with follow up discussions.
- 5) Strategy finalisation – considering market and stakeholder feedback and optimising the Procurement Strategy to meet the PEP aims.

### 3.2 Best Practice – Construction Toolkit

3.2.1 The Construction Playbook was published by the Cabinet Office in December 2020 and was updated to version 1.1 in September 2022. The Construction Playbook brings together expertise and best practice to reform the industry and transform how public works projects and programmes are assessed, procured, and managed. It describes what should be undertaken from policy inception through to transition and operation and sets out a best practice framework to achieve improved project outcomes.

3.2.2 The Department of Finance Procurement Board has agreed to apply the themes contained within the Construction Playbook to procurements in Northern Ireland. As a result, the Construction Toolkit was developed, to incorporate the best practice guidance from the Cabinet Office's Construction Playbook, along with guidance developed for public procurement in Northern Ireland.

3.2.3 The Construction Toolkit is not mandated but is a compilation of helpful guides and templates which public bodies may wish to use, as appropriate. Departments are instructed to adopt a proportionate approach to achieving a balance between the value of the contract and the transactional cost of applying the guidance outlined in the Toolkit. If there is any conflict between the Construction Toolkit and Procurement Policy Notes (PPNs), then the PPNs will take precedence.

3.2.4 This Procurement Strategy has been developed to align with the Construction Toolkit and, through such alignment, the latest best practice is being observed. Strategy development has also been guided by the good practice set out in The Infrastructure and Projects Authority (IPA) document: *'Improving Infrastructure Delivery: Project Initiation Routemap, Procurement Module'*.

### 3.3 Lessons Learned – Midlands Highways Alliance

- 3.3.1 A meeting was arranged with the Midlands Highways Alliance Plus (MHA+) team to consider whether any lessons that they had learned could be applied to the PEP.
- 3.3.2 The Midlands Highways Alliance was originally formed in 2007 and covered 10 local highway authorities. This has developed into MHA+, which was formed in 2020 from the merger of three regional groups: the Midlands Highway Alliance, the Midlands Service Improvement Group, and the West Midlands Highway Alliance with membership from 35 different local authorities. MHA+ allows the member authorities to work collaboratively and provides access to frameworks based on NEC form of contract.
- 3.3.3 The structure of the MHA+ is shown in Figure 3.1 and comprises: a 'Medium Schemes Framework', which is used for schemes valued over £5m, with no upper limit; and a Professional Services Framework two Lots for professional services and the secondment of professional and technical staff. Routine highway maintenance is generally delivered at local authority level. Community groups have been established to share best practice and lessons learned.

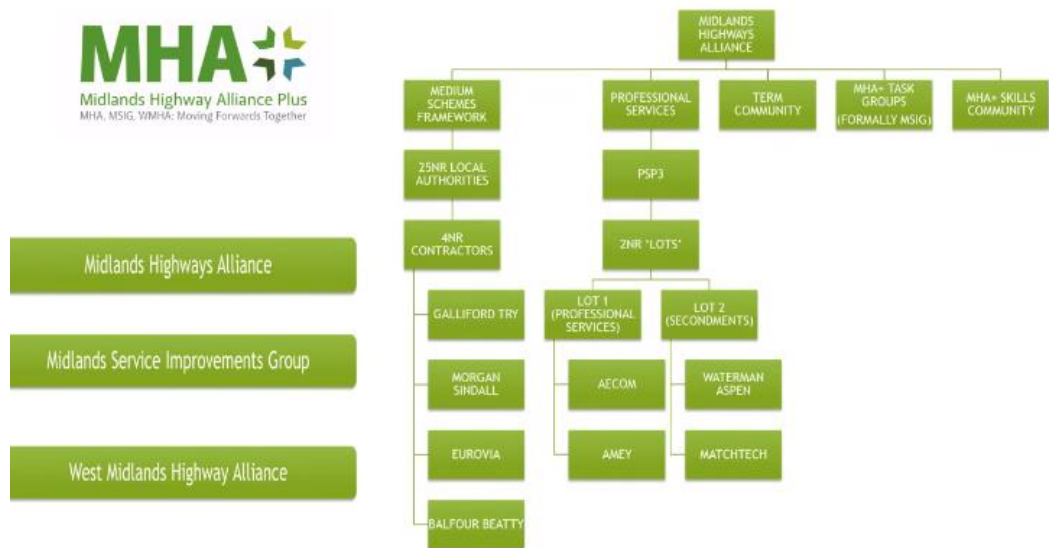


Figure 3.1: Structure of MHA+

- 3.3.4 Key points for arising from the MHA+ engagement that have been considered in the development of the Procurement Strategy are:
- The Northern Ireland market is very different to that served by MHA+ with effectively a single client and generally smaller contractors, who are also key material suppliers.
  - Use of NEC form of contract is credited with supporting collaborative relationships within MHA+.

- Longer term client/contractor relationships help to deliver closer working relationships and benefits.
- The Construction Playbook (as embodied in the Northern Ireland's Construction Toolkit) aligns with the lessons learned over the years of developing the MHA.
- When developing frameworks, to support continuous improvement and value for money, consider the recommendations in '*Constructing the Gold Standard*' published by the Centre of Construction Law, King's College London in 2021.
- Links to MHA+ framework documents have been provided for reference when developing more detailed plans and documentation.

## 4 Stakeholder & Market Consultation

### 4.1 Overview

4.1.1 The stakeholder and market consultation process has involved:

- Industry Groups discussions - June 2022
- DfI Roads Internal Stakeholders Consultation – July and August 2022
- A formal Market Consultation – September to November 2022
- DfI Roads Internal Stakeholders follow-up discussions – December 2022 and January 2023
- Industry Groups follow-up discussions – December 2022 and January 2023

### 4.2 Early Stakeholder Feedback

4.2.1 Based on early meetings with DfI Roads' internal stakeholders, the following key issues with the current approach to procurement and delivery were identified:

- Single supplier contracts can leave DfI with supply issues, so there is a need for more flexibility and options when commissioning work.
- Winning tender prices can be very low leading to some unattractive contracts with poorly motivated suppliers, which places delivery standards at risk.
- The single supplier approach works well in many cases.
- There are ongoing capacity and resource issues within the industry, including an aging workforce.
- Works package value caps create inefficiency, e.g., for surfacing they can result in a 'patchwork quilt' of repairs from projects that are scoped to ensure that value caps are not breached.



- Single year budgeting undermines longer-term planning and creates inefficiencies.
- There are some inconsistencies across the maintenance contracts, i.e., there is not an entirely common model in use across DfI Roads.

## 4.3 Market Consultation Process

4.3.1 Informal consultations were held with industry bodies in June 2022 to introduce the project and discuss initial feedback. A formal market consultation exercise in autumn 2022 was open to the entire market and involved the following key steps:

- 1) The basis of the market consultation was an outline 'prototype' Procurement Strategy for discussion and comment, which was set out in a Briefing Pack.
- 2) A Market Consultation Questionnaire was used to request the feedback needed to help inform and finalise the Procurement Strategy.
- 3) A Prior Information Notice (PIN) to announce the market sounding was published by DfI Roads on 29 September 2022 through the Find a Tender service (reference: 2022/S 000-027391) to ensure transparency and equal treatment.
- 4) Gathering and analysing the market feedback and the implications for the Procurement Strategy.
- 5) Undertaking additional meetings to validate emerging thinking in terms of the Procurement Strategy.
- 6) Preparing a Market Consultation Report and a summary and analysis of the key findings.

## 4.4 Basis of Market Consultation

4.4.1 To encourage a strong response, a Briefing Pack set out a prototype approach to the delivery to provide a basis for the market consultation. To help address the PEP aims the following principles guided the development of the prototype:

- Tailoring the strategy to the existing Northern Ireland supply base and minimising the need for the market to restructure. This will help to secure the necessary capacity from the available pool of resources and maintain a healthy competition in the short and long-term.
- Consolidating the maintenance and works 'categories' where there is some overlap in the supply base. Procuring a large number of separate categories is inefficient for DfI Roads and suppliers.

- Developing larger geographical contracts while ensuring compatibility with the existing Divisional management structures. With 80+ contracts being delivered by fewer than 20 companies many suppliers have multiple similar contracts, so there is some room for consolidation.
- Creating contracts where DfI Roads has more than one supplier available to provide a contingency, for example, if there are instances of poor performance or individual supplier capacity or insolvency issues.

4.4.2 The key features that formed the basis of consultation are shown in Table 4.1 and are described further below.

<b>Work Category</b>	<b>Contracting Strategy</b>	<b>Packaging Strategy</b>	<b>Est. Value, £p.a. (2022 prices)</b>	<b>No. of Suppliers Appointed</b>
A. Structures & Lighting**	Framework Multi-supplier Lots National Coverage	Lot A1. Maintenance and Improvement of Structures	£3m - £8m	2-3
		Lot A2. Road Restraint Systems (NEW)	£3m - £5m	2-3
		Lot A3. Maintenance & Improvement of Street Lighting	£15m - £25m	3-4
B. Specialist Surfacing	Framework Multi-supplier Lots National Coverage	Lot B1. Surface Dressing	£10m - £15m	3-4
		Lot B2. Surface Treatments	£2m - £3m	2-3
C. Surfacing & Works	Framework Multi-supplier Lots One Lot per Region	Lot C1. Northern Division Resurfacing & Minor Improvement Works (£50k to £5m)	£100m - £150m	4 (per Lot) Suppliers can win a maximum of 3 Lots
		Lot C2. Southern Division Resurfacing & Minor Improvement Works (£50k to £5m)		
		Lot C2. Eastern Division Resurfacing & Minor Improvement Works (£50k to £5m)		
		Lot C2. Western Division Resurfacing & Minor Improvement Works (£50k to £5m)		
D. Routine Maintenance & Small Works	Term Maintenance Contract Single Supplier Contracts Two Geographical areas per Division	Each Contract to include: Small Scale and Responsive Works (Up to £50k) Environmental Maintenance Road Markings	£20m - £30m	8 Can win a maximum of two Contracts (and one per Division)
<b>Total</b>				<b>Up to 41</b>

4.4.3 Key features of the prototype approach were:

- NEC4 suite of conditions of contract would be used for all contracts.
- For work categories A, B and C, multiple suppliers would be appointed to each Framework Lot forming a pool of suppliers to create delivery resilience, operational flexibility, ongoing competition, and benchmark all aspects of performance.
- At Framework award, each successful supplier would be awarded a 'workbank share'. Suppliers would be awarded different 'workbank shares' with the top ranked supplier in the Framework competition gaining the highest share.
- Under each Framework, the commissioning process would determine how the call off contracts are awarded, which would be primarily based on allocation to achieve 'workbank shares.'
- There would be a requirement that suppliers will continuously improve the value for money over the Framework term. Delivery performance would be monitored using a range of performance indicators. To incentivise value for money, 'workload shares' initially allocated could vary over the term of the Framework contract, based on supplier performance.
- Frameworks would require collaboration between suppliers within each Framework and across the Frameworks.

## 4.5 Consultation Feedback and Response

4.5.1 Six suppliers and two industry bodies provided responses to the consultation. The supplier response represents around a third of DfI Roads' tier-1 maintenance suppliers by number but more than half by value of maintenance delivered. In addition, DfI Roads internal stakeholders provided feedback on the prototype approach.

4.5.2 Appendix A Tables A1, A2 and A3 sets out how the key feedback received from stakeholders in response to the market consultation has been considered and addressed. Each table covers the following area of the strategy and associated matters:

- Table A1 – Packaging
- Table A2 – Contracting Strategy
- Table A3 – Procurement Route and Timetable

4.5.3 In December 2022, meetings were held with stakeholders to explain the Procurement Strategy, as set out in the following Part 2, and how it had changed from the consultation prototype. Overall, there is strong stakeholder support for the Procurement Strategy.

## PART 2 – PROCUREMENT STRATEGY

### 5 Packaging & Contracting

#### 5.1 Strategic Approach

5.1.1 Based on achieving the PEP aims, stakeholder feedback, and discussions with the PEP Project Board, the prototype was developed into the Procurement Strategy. The packaging and contracting approaches are described in Table 5.1 and the text below.

- **Use of Frameworks.** There will be 11 Frameworks, released in 9 tranches, each with a 4-year term, covering all requirements for maintenance and improvement works up to £5million. Nine procurement exercises over a four year period will replace the current approach of 30+ tender releases over a five year period.
- **The number of contracts will be reduced.** A total of around 70 Framework Lots will be awarded (across all 11 Frameworks) compared to over 100 individual contracts under the current approach. This circa 30% reduction in the number of contracts seeks to balance delivery efficiency with providing sufficient opportunities to sustain long-term competition in the market.
- **Each Framework Lot will represent a works area.** Each Framework Lot will be unique geographical works area, which will be delivered using a 4-year MTC. The number of Lots indicated in Table 5.1 represents the number of works areas currently expected to be awarded under each Framework. The MTC works areas will be awarded concurrently with the Framework contracts.
- **The Framework Scope will cover Projects valued up to £5million.** Suppliers appointed to each Framework may be invited to compete for Projects (see Table 5.1) that are located within the MTC works areas covered by the Framework.
- **NEC4 will be used.** NEC4 will be used for the Framework contracts and Projects. As part of a transitional approach to support deliverability, the ICC terms and conditions will be initially used for MTC's (see section 5.3).
- **There will be a rolling annual programme of surfacing Frameworks.** Surfacing will be divided into 17 MTC areas aligned with Section Office boundaries. These will be allocated between 4 Frameworks and each Framework will have a geographical spread of MTC areas across Northern Ireland.
- **There will be market share limitations to maintain long-term competition.** Suppliers will be limited to winning a maximum number of Lots per Framework (as indicated in Table 5.1). There may be additional limitations regarding the number of Lots that each supplier can win per Division.

Table 5.1 Packaging and Contracting Strategy						
Ref.	Framework Title	Term (Yrs.)	No. of Lots	Scope of Each Framework Lot	Approx. Value of all MTC's (£m p.a.)	Max. No. of Lots that can be won by one Supplier
F1	Surfacing One <i>(Procured in Year 1)</i>	4	5 <i>(NSEW Coverage)</i>	A Measured Term Contract for <u>one Contract Area</u> for works £50k to £750k; further opportunities to bid through mini competition for Projects from £750k to £5m required in all areas covered by the Framework	30	2
F2	Surfacing Two <i>(Procured in Year 2)</i>	4	4 <i>(NSEW Coverage)</i>	A Measured Term Contract for <u>one Contract Area</u> for works £50k to £750k; further opportunities to bid through mini competition for Projects from £750k to £5m required in all areas covered by the Framework	25	2
F3	Surfacing Three <i>(Procured in Year 3)</i>	4	4 <i>(NSEW Coverage)</i>	A Measured Term Contract for <u>one Contract Area</u> for works £50k to £750k; further opportunities to bid through mini competition for Projects from £750k to £5m required in all areas covered by the Framework	25	2
F4	Surfacing Four <i>(Procured in Year 4)</i>	4	4 <i>(NSEW Coverage)</i>	A Measured Term Contract for <u>one Contract Area</u> for works £50k to £750k; further opportunities to bid through mini competition for Projects from £750k to £5m required in all areas covered by the Framework	25	2
F5A	Surface Dressing	4	7	A Measured Term Contract for <u>one Contract Area</u> for works £0k to £750k	10	3
F5B	Surface Treatments	4	4	A Measured Term Contract for <u>one Contract Area</u> for works £0k to £750k	1.5	2
F6A	Structures	4	4	A Measured Term Contract for <u>one Contract Area</u> for works £0k to £750k; further opportunities to bid through mini competition for Projects from £750k to £5m required in all areas covered by the Framework	3	2
F6B	Safety Barriers	4	4	A Measured Term Contract for <u>one Contract Area</u> for works £0k to £750k; further opportunities to bid through mini competition for Projects from £750k to £5m required in all areas covered by the Framework	2	2
F7	Street Lighting	4	8	A Measured Term Contract for <u>one Contract Area</u> for works £0k to £750k; further opportunities to bid through mini competition for Projects from £750k to £5m required in all areas covered by the Framework	30	3
F8	Transport & Roads Civils Works	4	8	A Measured Term Contract for <u>one Contract Area</u> for works £50k to £750k; further opportunities to bid through mini competition for Projects from £750k to £5m required in all areas covered by the Framework	30	2
F9	Routine Maintenance & Small Works	4	17	A Measured Term Contract for <u>one Contract Area</u> for works £0k to £50k <i>Coverage includes Small Scale Responsive Works; Environmental Maintenance (Grass Cutting / Gully Emptying); and Road Markings Only</i>	30	4

NSEW = North, South, East, West

MTC = Measured Term Contract

## 5.2 Framework Contract Key Principles

5.2.1 Frameworks are a key part of the Procurement Strategy and are being used to support efficient procurement, contract flexibility, delivery resilience, and the establishment of best practice groups to support continual improvement and value for money.

5.2.2 The contracting strategy will be developed in the Category Procurement Plans using the following key principles:

- Each Framework Lot, representing a geographical works area, will be awarded to a single **primary supplier** that will deliver the Lot scope under the 4-year MTC.
- For each Framework Lot, a **reserve supplier** will be appointed that can be called upon as a contingency, for example, if there is repeated unacceptable performance, or non-delivery, e.g., due to supplier failure or capacity issues. To operate this contingency facility, and minimise the risk of challenge by suppliers, a robust and consistent approach to performance measurement will be developed.
- Where included in the Framework scope (see Table 5.1), it is intended to use the Framework to procure Projects through mini competition, which will speed up one off contract awards.
- In addition to the primary supplier and reserve supplier, it is the intention is to appoint one or more **community suppliers** from the lower ranked tenderers that have provided an acceptable quality submission. Such community suppliers would not be involved in MTC delivery. However, subject to compliance with selection criteria, **primary, reserve, and community suppliers** would be able to tender for any Projects that are procured via the Framework.
- Each Framework will establish a **best practice community** to encourage sharing of good practice across the Framework. The aim will be to drive continuous improvement in all aspects of delivery, including contract management. Consideration will be given to identifying a role that will facilitate and drive the work of the best practice communities.
- For engineering consultancy design and supervision services there will be potential for service provision through MTCs. However, the Consultancy Services Partner Contract and Major Works Consultancy Services Framework will continue to be the primary approach for service delivery. Enhanced provision for the delivery of Active Travel will be included in these services contracts.

## 5.3 Contract Form

- 5.3.1 The Construction Procurement Toolkit refers to draft PPN 02/22 Construction Contracts agreed by the Procurement Board. Draft PPN 02/22 requires the use of the NEC<sub>4</sub> suite of contracts for construction works projects and programmes and sets out the Secondary Option contract clauses which must be used for works contracts. Draft PPN02/22 Construction Contracts has been agreed by the Procurement Board and is currently awaiting Executive approval. Following approval, PPN02/22 will be mandated for use on public works contracts.
- 5.3.2 The NEC<sub>4</sub> suite of contracts offers DfI Roads advantages by promoting:
- a collaborative and non-adversarial approach;
  - a stimulus to good management using early warning mechanisms, which allows joint mitigation to be developed and implemented; and
  - clarity and simplicity, including the use of ordinary language.
- 5.3.3 The NEC<sub>4</sub> suite of contracts will be used to implement the Procurement Strategy. From the outset, NEC<sub>4</sub> will be used for:
- The Framework contracts.
  - Mini-competed Projects (i.e., those valued over the MTC threshold).
- 5.3.4 As an interim measure, the ICC Term conditions of contract will be used for MTCs to deliver maintenance and smaller improvements (generally capped at £750k + inflation factor). This is necessary because an immediate move to NEC<sub>4</sub> term contracts would require a resource input that would carry a high risk of delays and disrupted delivery. Changing to the NEC<sub>4</sub> term contracts will require a significant training programme, changes to the suite of documents used by DfI Roads, and changes to working practices, culture, and behaviours.
- 5.3.5 Each Category Procurement Plan will consider whether changing to a NEC<sub>4</sub> Term Contract for MTCs is practicable, with the aim of implementing NEC<sub>4</sub> for maintenance and small projects as soon as possible.
- 5.3.6 Depending on the final drafting of PPN02/22, prior approval may be required for any proposed non-NEC<sub>4</sub> contracts.

## 6 Procurement Route

### 6.1 Procurement Route Key Principles

6.1.1 The Public Contracts Regulations 2015 offer a range of procurement routes, including the open procedure, restricted procedure, and negotiated procedure. The procurement route for each Framework will be considered and confirmed within the Category Procurement Plans. The detailed supplier selection and contract award procedures will be developed to ensure that:

- There is full compliance with the Public Contracts Regulations 2015 or the new Regulations when they come into force (currently expected in 2024).
- Selection and shortlisting procedures are efficient for both DfI Roads and the market and help to maximise market appetite.
- Contract award procedures lead to the identification and acceptance of the most economically advantageous offers. This will be based on the Department of Finance's definition of best value for money, which is the most advantageous combination of cost, quality, and sustainability to meet customer requirements.

6.1.2 In developing the Framework and mini-competition award procedures an over-emphasis on tender price will be avoided. This can lead to unsustainably low bids which can result in poorer performance, lower quality, cost and time overruns, poor whole life value and adversarial relationships. Scored technical questions will help to:

- Demonstrate that quality is important to DfI Roads;
- Avoid the risk of suppliers 'buying their way' onto a Framework; and
- Retain suppliers in the long term by helping to avoid unsustainable pricing.

6.1.3 The Category Procurement Plan will consider whether technical and quality promises made and evaluated at time of tender will be incorporated into Framework contracts.

6.1.4 The technical and commercial award criteria and the evaluation of tenders will be designed and managed to mitigate the risk of legal challenge. This will include:

- focussing on equal treatment, non-discrimination, transparency, and proportionality;
- avoiding overcomplication, especially in commercial criteria, which can lead to misunderstanding and unintended consequences;
- ensuring that technical / quality bids are objectively evaluated using processes that are robust, consistent, and transparent;
- ensuring that, for each technical criterion, tenderers are given reasonable guidance as to what is required;



- ensuring there is a carefully designed and transparent evaluation and moderation process, including the methodology for evaluators to translate a tenderer's response into a score; and
- ensuring the availability of sufficient, suitably qualified and well-trained people to act as evaluators.

## 6.2 Framework Award Procedures

6.2.1 Detailed Framework award procedures will be developed as part of the category planning process to follow the principles below:

- Frameworks are expected to be advertised using the open procedure (as currently used by DfI Roads).
- Suppliers will be permitted to bid for one, more or all Framework Lots, but there will be limitations on awards.
- Each Lot will require a separate tender, which will be focused on the associated MTC. Wherever possible common submission elements will be used to avoid unnecessary duplication.
- Framework tenders will be evaluated on a quality/price basis, with scored quality criteria developed to help drive best value for money. The quality weighting will be reviewed for each Framework competition as working practices with the industry develop.
- If a supplier is ranked first for more than the maximum number of Lots that can be awarded to one supplier, then the preferences of the highest ranked supplier will be considered in the Framework award decisions. The top ranked suppliers, following the application of restrictions and preferences, will be awarded the **primary supplier** role for the Lot.
- If a supplier is ranked second in a Lot (after considering award restrictions and preferences), then they will be awarded the **reserve supplier** role for that Lot.
- It is intended to offer a place on each Framework to suppliers that do not win any Lots as either a primary or reserve supplier. The detailed procedure for awarding Framework places to such **community suppliers** will be developed in each Category Procurement Plan.

## 7 Benefits Realisation

### 7.1 Key Benefits of the Procurement Strategy

7.1.1 Key benefits to Dfl Roads arising from the new approach will be:

- A more manageable procurement schedule.
- Easing the contract management burden through fewer maintenance contracts and the use of the ICC Term contract conditions for MTC's (at least in the first round of Frameworks).
- A continued focus on reducing procurement challenge risk through regular Framework opportunities and careful use of quality/price award criteria.
- The establishment of Framework communities to drive value for money through greater opportunities for collaboration and continual improvement and improved productivity.
- Greater delivery resilience by allowing Dfl Roads to access alternative Framework suppliers if a supplier fails to deliver.

### 7.2 Risk Management

7.2.1 The following identified risks will be managed and mitigated through a combination of the strategic approach and the development of Category Procurement Plans:

- Lack of Dfl Roads resource/skills reducing the deliverability of the Procurement Strategy – managed by reducing the number of procurement exercises and contracts to be managed, and initially retaining the ICC for the MTCs.
- Low market appetite undermining value for money and maintenance delivery – managed by responding positively to the market feedback and creating resilience via fallback options in the framework approach.
- Lack of continuity of work – budget allocation is outside Dfl Roads' direct control, however, consolidated larger contracts should help to reduce the risk of workload falling to unsustainable levels.
- Procurement challenges – improvements have been made in this area and quality/price competitions will be developed to help manage the risk of challenge.
- Disruption caused by change – the new approach will require changes to working practices, including the transition to new ways of working supported by improved IT, which will be managed by the establishment of working groups from within Dfl Roads.

## PART 3 – PLANNING & DELIVERY

### 8 Category Procurement Plans

#### 8.1 Overview

8.1.1 Detailed Category Procurement Plans will be developed for each of the following categories of procurement:

- 1) Surfacing
- 2) Surface Dressing
- 3) Surface Treatments
- 4) Structures
- 5) Safety Barriers
- 6) Street Lighting
- 7) Transport & Roads Civils Works
- 8) Routine Maintenance & Small Works
- 9) Systems for IT Enabled Delivery (see section 8.4)

8.1.2 The timing of the development and drafting of Category Procurement Plans will be consistent with the overall PEP procurement timetable set out in section 10.1.

#### 8.2 Scope of Category Procurement Plans

8.2.1 Category Procurement Plans will be aligned with the approach and principles set out in this Procurement Strategy. They will develop the next level of detail for each procurement category and will be approved before the associated procurement commences.

8.2.2 The Category Procurement Plans will include the following details for each category of procurement:

- Finalisation of packaging in line with the Procurement Strategy, which may involve some detailed refinement of the number of maintenance areas (Lots) in each Framework.
- Contract scope and specifications.
- Specific contract terms and conditions, including detailed contract risk allocation.
- Alignment with government and DfI Roads strategies that relate to, or impact on, the delivery of maintenance, renewals, and minor works, e.g., the Climate

Change Act (Northern Ireland) 2022; Active Travel; and the forthcoming Road Safety Strategy for Northern Ireland to 2030, etc.

- The approach for selection and contract award, including consideration of the latest Regulations and findings of the independent reports providing good practice advice regarding the award of contracts.
- Evaluation criteria and weightings for quality/price competitions, including social value aspects. This aspect of planning will contribute towards satisfying the PEP aim *'to identify and incorporate opportunities and requirements for social value policies and objectives into the procurement strategy and procedures'*.
- Detailed procurement schedules.
- Resourcing requirements for both the procurement exercise and ongoing contract management (see section 8.3).
- Framework provisions for collaboration and continual improvement.
- Contract performance management using Key Performance Indicators (KPIs), and any incentives, which will be:
  - simple to understand, simple to administer and open to objective assessment;
  - clearly linked to the DfI Roads' aims and objectives;
  - calibrated to motivate performance while being set at a level that provides value for money;
  - flexible to maintain relevance throughout the contract duration; and
  - weighted according to the priority and importance of the aim to be delivered.
- Mechanisms to manage poor performance for inclusion within the Framework contracts.
- Consideration of opportunities for greater productivity and supply chain management arising from the Framework approach.

## 8.3 Resources and Capabilities

- 8.3.1 A critical part of planning will be to address the PEP aim *'to identify and review the level of skills and capabilities required to support the new procurement strategy and associated contract management responsibilities'*.

8.3.2 This Procurement Strategy has been developed to introduce efficiencies and release pressure on resources to maximise the deliverability. Category Procurement Plans will consider the specific skills and capabilities needed to support procurement exercises and contract management and recommend necessary training and staff development.

8.3.3 It is recognised that existing resources are stretched in all DfI Roads business areas including the Procurement function. Existing posts in staff structures that have not been filled in recent years will need to be addressed during 2023 to 2025 to ensure Frameworks and associated procedures can be developed and delivered to the planned timeframes. It is not possible to outsource many of areas of the work undertaken by DfI Roads.

## 8.4 IT Enabled Delivery

8.4.1 An important PEP aim is *'to consider electronic systems to support new procurement and payment processes with the ability to monitor performance, analyse trends, support consistency and to inform regular lessons learned reviews to identify continuous improvement opportunities'*.

8.4.2 IT opportunities to support the implementation of the Procurement Strategy will be considered in parallel with the development of Category Procurement Plans. As far as possible, existing systems available to DfI Roads will be used, which will avoid the need for a new procurement. As required, a Category Procurement Plan for the IT systems to be procured and implemented by DfI Roads will be prepared for approval.

# 9 Schedule and Planning

## 9.1 Procurement Timetable

9.1.1 The overall indicative PEP procurement timetable is shown in Table 9.1 and illustrated in Appendix B. The timetable is subject to confirmation when the Category Procurement Plans are developed. Each procurement exercise will start with the publication of a Contract Notice and will finish when the Frameworks and associated MTCs are awarded. Key notes on the procurement timetable are:

- Surfacing Frameworks are procured on a rolling 1-year rotation.
- Procurement of Framework 9 is likely to take longer than 9 months due to the high number of MTCs.
- Framework 2 and Frameworks 6a & 6b commence procurement in the same quarter.
- Framework 4 and Framework 7 commence procurement in the same quarter.

<b>Table 9.1</b>			
<b>Indicative Procurement Timetable</b>			
<b>Ref.</b>	<b>Framework Title</b>	<b>Procurement Exercise</b>	
		<b>Start</b>	<b>Finish</b>
F1	Surfacing One ( <i>Procured in Year 1</i> )	Q2 2024	Q4 2024
F2	Surfacing Two ( <i>Procured in Year 2</i> )	Q2 2025	Q4 2025
F3	Surfacing Three ( <i>Procured in Year 3</i> )	Q2 2026	Q4 2026
F4	Surfacing Four ( <i>Procured in Year 4</i> )	Q2 2027	Q4 2027
F5A	Surface Dressing	Q3 2024	Q1 2025
F5B	Surface Treatments	Q3 2024	Q1 2025
F6A	Structures	Q2 2025	Q4 2025
F6B	Safety Barriers	Q2 2025	Q4 2025
F7	Street Lighting	Q2 2027	Q4 2027
F8	Transport & Roads Civils Works	Q1 2026	Q3 2026
F9	Routine Maintenance & Small Works	Q4 2026	Q3 2027

## Appendix A Responses to Stakeholder Feedback

<b>Table A1 Addressing Stakeholder Feedback on Packaging</b>	
<b>Key Feedback</b>	<b>Response &amp; Rationale</b>
<b>Market &amp; Industry Groups</b>	
Combining 'Surfacing' and 'Works' is highly unpopular as it is not aligned with the market skills and could result in unusual delivery arrangements.	In the Procurement Strategy, Surfacing and Works have been separated to help attain the 'best in class' supplier for each type of work.
Combining Small Scale and Responsive Works (largely patching) with Environmental Maintenance and Road Markings is not supported by two suppliers as the works required different delivery skills.	The combination has been retained to help consolidate the packages and to create larger packages that are potentially more attractive overall. However, this approach will be tested in more detail as part of the development of the associated Category Procurement Plan.
Packaging that would reduce the number and/or frequency of opportunities is highly unpopular as any lack of an 'opportunities pipeline' is expected to increase the likelihood of procurement challenges by unsuccessful suppliers.	This comment was primarily from surfacing suppliers. In the Procurement Strategy, surfacing has been packaged to create a Framework procurement opportunity every year. In addition, the Lots within each surfacing Framework will contain a mix of maintenance areas across the DfI Divisions to ensure that the annual opportunities have a broad appeal in the market.
Concern that if frameworks were to be procured every four years, then that it would create an 'all or bust' scenario for surfacing contractors.	As above, there will be an opportunity to tender for a surfacing Framework every year.
DfI Roads should not develop an approach that excludes smaller companies from bidding for contracts.	In the Procurement Strategy packaging approach, the basic 'unit' of procurement is a geographical maintenance area. The largest areas for any category cover a Division, and the smallest areas cover around a quarter of a Division. This means that for most Framework opportunities companies will not need to be large to be able to compete.
<b>Internal Stakeholders</b>	
Need to ensure new players can break into the market or we run the risk of a very small field should there be further market consolidation.	The packaging approach offers a range of sizes of maintenance areas for different work types. Many of the opportunities have relatively low annual expenditure. Reductions in the size of the proposed maintenance areas would result in less efficient procurement and contract management.
Consultancy Services are broadly content with the proposed 'Packaging Strategy', we particularly welcome the separation of the Structures and Vehicle Restraint Systems functions.	Noted.
Consideration should be given to including small responsive elements of the structures work in the Routine Maintenance & Small Works Contract, for example, parapet repairs, vegetation removal, etc.	This detail will be considered as part of the development of the relevant Category Procurement Plans.
Consideration should be given to including the Surface Dressing works within the larger Surfacing & Works Framework. The market is essentially the same and it would help with management of contractor resources over the busy surface dressing season.	The Procurement Strategy separates these because a combination would disadvantage companies with a less attractive surface dressing offer from the main surfacing opportunities.

<b>Table A2 Addressing Stakeholder Feedback on Contracting Strategy</b>	
<b>Key Feedback</b>	<b>Response &amp; Rationale</b>
<b>Market &amp; Industry Groups</b>	
Current term contracts (using ICC conditions), are awarded on a geographical area basis, are very strongly supported – suppliers consider these contracts to be efficient and deal well with peaks and troughs.	The Procurement Strategy retains single supplier maintenance areas, although the number of areas and their scope differs from the current approach to generate some consolidation.
The market opposes the use of the NEC <sub>4</sub> contracts for maintenance works – suppliers have stated that they have little or no experience of this form, their adoption would require significant training across the industry, and NEC <sub>4</sub> would increase contract administration.	The Procurement Strategy includes the use of the ICC conditions for maintenance and small works activities in the short term to allow the framework approach to be implemented. However, the use of NEC <sub>4</sub> for construction related activities is likely to become a policy and, therefore, this decision will be kept under review with a view to moving towards an NEC <sub>4</sub> Term Contract as soon as practicable.
The market does not support a Framework using a 'Workbank Share' approach linked to performance, as there is a risk of subjectivity in KPI scoring, fairness and transparency would be difficult to achieve, and the administration burden would be high.	The Procurement Strategy has moved away from the 'workbank' approach where multiple suppliers would have been appointed per Lot. The Procurement Strategy has retained single supplier maintenance areas and will develop Frameworks terms to create delivery resilience by allowing alternative suppliers to be used where performance is unacceptable or there is a supply failure.
'Drip feeding' work makes resource planning difficult, CAPEX plans risky, and leads to difficulties in securing staff	Budgetary constraints that can lead to drip feeding are outside of DfI's control, but the consolidation of categories and larger maintenance areas should help to improve continuity of work.
<b>Internal Stakeholders</b>	
The move to NEC Contracts needs in-depth consideration. DfI Roads currently use the ICC Term Version and have had very few disputes or claims given the scale of work (c£150m/year). The use of NEC will require a considerable increase in staff resource, both in scheme preparation and in contract management.	See response provided for similar market feedback.
Improved strategic planning of maintenance works could offer significant efficiencies and greater innovation. The Client's role in early project identification, budget allocation, etc. will be essential to the successful operation of any new strategy.	This is largely outside the influence of the Procurement Strategy, but the use of frameworks will help to build supplier communities, which can be used to help improve communications relating to strategic planning.
The mechanism for allocating projects between the 2, 3 or 4 suppliers appointed to each Lot needs careful consideration. This is a potential source for dispute and needs a clear structure in how it will be carried out.	The 'workbank' approach and associated allocation process have not been taken forward into the Procurement Strategy.



<b>Table A3 Addressing Stakeholder Feedback on Procurement Route and Timetable</b>	
<b>Key Feedback</b>	<b>Response &amp; Rationale</b>
<b>Market &amp; Industry Groups</b>	
Quality Thresholds (pass/fail) are supported but, for surfacing contracts, a Quality and Price tender evaluation (e.g., on a 30/70 basis) is viewed as step backwards and has the potential to increase the level of legal challenges.	A quality/price approach to tendering will need to be used by DfI to accommodate policies on social value. In addition, such an approach is important to help avoid the unsustainable pricing that can occur with 'price only' competitions.
There is a general view that the schedule for delivering the prototype approach is optimistic – the changes required to implement the approach would be significant – described as 'seismic' by one contractor	The degree of change has been reduced in the Procurement Strategy and the schedule has been re-evaluated to ensure that it is reasonable and deliverable.
<b>Internal Stakeholders</b>	
Where the number of suppliers is limited, suppliers may price high, knowing that if they come second or third, then they may end up making greater profit even with a lower share of the work.	This was a feature of the 'workbank' approach that has not been taken forward into the Procurement Strategy.

## Appendix B Illustrative Procurement Timetable

2024				2025				2026				2027			
Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
	Framework 1 Surfacing One														
				Framework 2 Surfacing Two											
								Framework 3 Surfacing Three							
												Framework 4 Surfacing Four			
	Frameworks 5a & 5b Surface Dressing and Surface Treatments														
				Frameworks 6a & 6b Structures & Safety Barriers											
												Framework 7 Streetlighting			
								Framework 8 Transport & Roads Civils Works							
											Framework 9 Routine Maintenance & Small Works				