

REPORT TO: Mersey Gateway Executive Board

DATE: 17th March 2011

REPORTING OFFICER: Strategic Director – Environment & Economy

SUBJECT: Mersey Gateway – Project Governance for Procurement.

WARDS: All

1.0 PURPOSE OF THE REPORT

1.1 The report deals with the proposed governance arrangements for the next phase of project preparation, which will cover the pre-qualification of private sector firms (the bidders) and the competitive dialogue procurement process, leading to the selection of a preferred bidder and contract execution.

2.0 RECOMMENDATION: That

- (1) The Mersey Gateway Executive Board endorse the overall governance structure proposed; and**
- (2) Approve the proposed scheme of delegation to the Chief Executive, where key procurement and project decisions will be taken in consultation with the Leader.**

3.0 SUPPORTING INFORMATION

- 3.1 The Council has established a dedicated project organisation equipped with the authority and resources to deliver the project through the development and preparation phase. The established project delivery structure is shown at Annex 1. These established arrangements have been reviewed to ensure that they are appropriate to support a robust delivery plan that will progress the project through an intense procurement process.
- 3.2 The Mersey Gateway Executive Board provides a link to the Council Constitution (and democratic governance structure). The MGEB is a committee of the Council Executive with terms of reference agreed by the full Council in June 2006. These terms of reference are attached at Annex 2.
- 3.3 Membership of the MGEB comprises;
- The Leader of the Council plus two other members of the Council Executive to be selected by the Leader;
 - The MG Executive Board is chaired by the Council Leader.

- The Leaders of the largest Opposition Groups attend as Observers

3.4 A project executive structure based on best project management practice (PRINCE2) reports regularly to the MGEb. In PRINCE2 terms the Chief Executive is the Senior Responsible Owner (SRO) who is accountable to the MGEb for the success of the project. The SRO operates with specific project authority as delegated by the MGEb from time to time, where his executive decisions are taken in consultation with the Council Leader.

3.5 The SRO has the support of the Officer Project Board to assure robust and effective direction and management of the project. The OPB also provides the SRO with advice, guidance, challenge and scrutiny provided by individuals with extensive knowledge and wide experience of delivering projects of the magnitude of Mersey Gateway through both the private and public sector. This ensures that an informed and intelligent client approach can be taken by the SRO in exercising his delegations. The size of the OPB, frequency of meetings and relationships that are in place and will develop, will also ensure that decision-making on the project is not only well informed and robust but is sufficiently agile to make quick decisions where necessary.

3.6 The members of the Mersey Gateway Officer Project Board are:

Project Role	Name	Job Title
SRO – Chair of Board	David Parr	Chief Executive
Senior User	Mike Bennett	Bridge and Highway Maintenance Manager
Senior Supplier	Mick Noone	Operational Director – Highways and Transportation
Project Assurance	Bill Dodd	Finance Advice and Section 151 responsibilities.
Project Assurance	Stephen Dance (IUK)	Procurement/Project Finance Adviser
Project Assurance	Mark Reaney	Legal/Democratic Adviser
Project Assurance	Wesley Rourke	Property Services
Observer	TBA	Department for Transport
Private Sector Advisor	TBA	Private sector project finance and commercial expertise
Private Sector	TBA	Private sector technical

Advisor		infrastructure construction and maintenance expertise
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- 3.6 The procurement phase of delivery will require project decisions to be taken promptly, where authority is exercised at the appropriate level. The current terms of reference plus membership of the MGEB are considered to be appropriate to support procurement and the above revised membership of the Office Project Board has been designed to provide the advice and assurance that the Chief Executive will require when exercising his delegated authority. The delivery plan does however require the authority of the Chief Executive to be clearly stated and understood. A scheme of delegation is attached at Annex 3 covering the key project outcomes required to be delivered for a successful procurement and including the acquisition of all property and the completion of the advanced works programme. The MGEB are requested to approve this scheme of delegation.

4.0 POLICY IMPLICATIONS

- 4.1 The project is a key priority for the Council which will deliver benefits locally and across the wider region.

5.0 OTHER IMPLICATIONS

- 5.1 All substantive implications are reported above and in the report annex.

6.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES

6.1 Children and Young People in Halton

- 6.1.1 Mersey Gateway provides an opportunity to improve accessibility to services, education and employment for all.

6.2 Employment, Learning and Skills in Halton

- 6.2.1 Over 500 construction jobs will be required for MG and matters are in hand to ensure the local community has access to these job opportunities. In the longer term several thousand jobs are forecast to be created in the sub region due to the wider economic impact of the project.

6.3 A Healthy Halton

Mersey Gateway provides an opportunity to improve accessibility to services, education and employment for all, including improved cycling and walking facilities.

6.4 A Safer Halton

The project will produce road safety benefits for road users including improved facilities for cycling and walking.

6.5 Halton's Urban Renewal

Mersey Gateway is a priority project in the Urban Renewal Programme.

7.0 RISK ANALYSIS

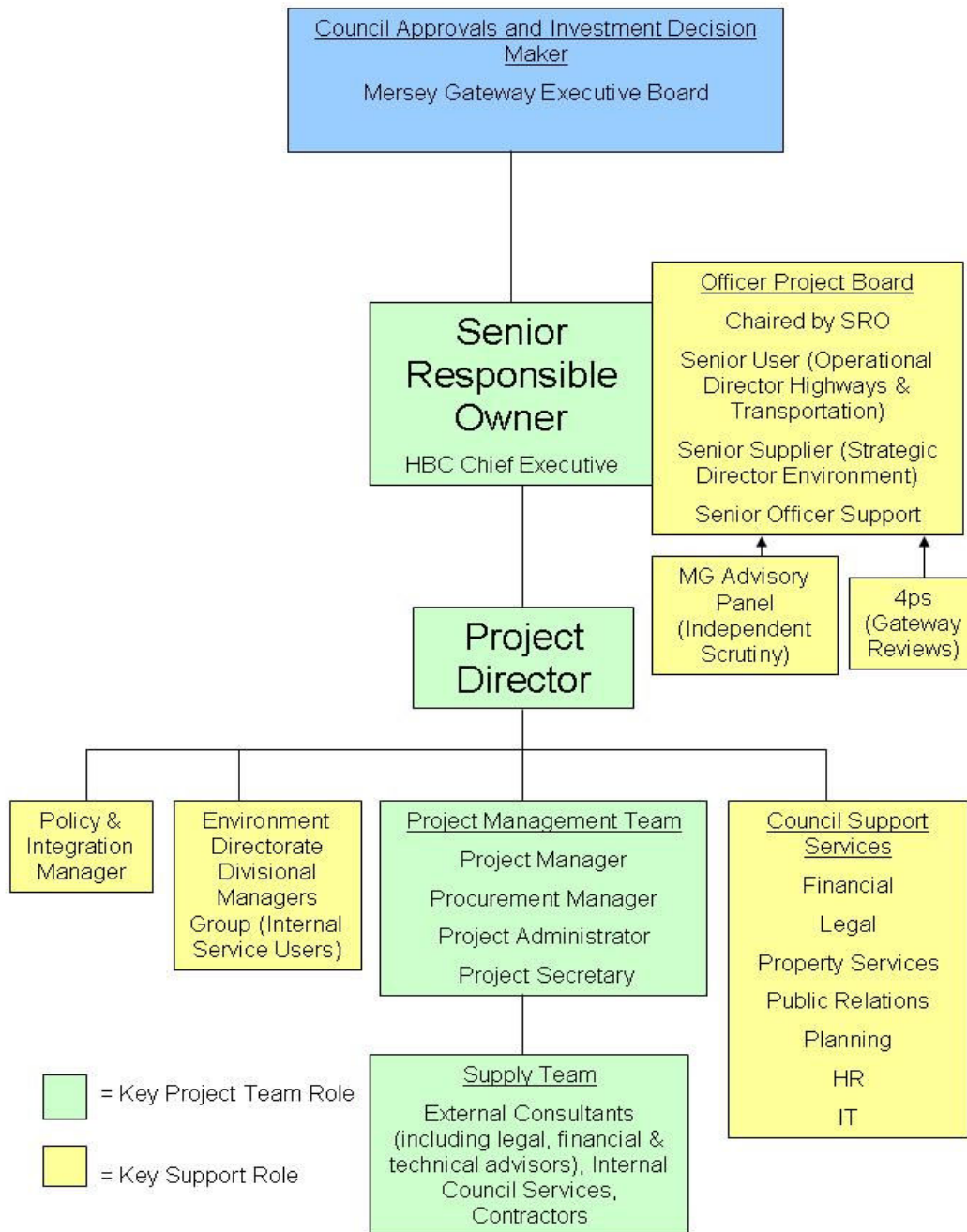
7.1 The project structure supported by the proposed delegation and decision authority will reduce the risk of delay and improve the quality of project control.

8.0 EQUALITY AND DIVERSITY ISSUES

8.1 Mersey Gateway provides an opportunity to improve accessibility to services, education and employment for all.

9.0 LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972

Document	Place of Inspection	Contact Officer
OBC	Mersey Gateway Project Office	Matt Fearnhead



Mersey Gateway Project Delivery Structure

(The structure shown above will be altered post April 2011 to highlight the proposed changes to the Council organisational structure following the efficiency review and budget cuts.)

APPENDIX 1

Mersey Gateway Executive Board

Membership

- The Leader of the Council plus two other members of the Executive to be selected by the Leader.

Officer Support

- The Chief Executive, Mersey Gateway Project Director, Strategic Director Environment, Operational Director Financial Services, Council Solicitor, Operational Director Major Projects, Operation Director Highways & Transportation
- Such other officers and external advisors as required

Terms of Reference/Scheme of Delegation

1. To determine the strategic direction for the Mersey Gateway Project
2. To monitor and oversee progress against the project timetable
3. To develop and refine the detail of the project as it progresses.
4. To procure the Mersey Gateway Project securing Best Value terms for the Council.
5. To support the officers of the Council in engaging with the other partners, stakeholders and the public as the Scheme progresses.
6. To take and authorise such action as is necessary to implement the project within the capital and revenue budgets approved by the Council and within the available funding derived from external sources.
7. In cases of urgency where it is not practicable to call an urgent meeting of the Mersey Gateway Executive Board, the authority of the Mersey Gateway Executive Board to take action as set out above is further delegated to the Chief Executive (in consultation with the Leader of the Council) subject to the matter being reported to the first available meeting of the Mersey Gateway Executive Board.
8. To provide regular progress reports to the Council's Executive Board.

**Mersey Gateway
Scheme of Delegation**

Annex 3

28 February 2011

Introduction

The authority delegated to the Chief Executive, as Senior Responsible Owner for the Mersey Gateway Project, is described in the table below, where the Chief Executive will exercise this authority in consultation with the Council Leader, taking into account the advice of the OPB and Project team.

	Key Outcomes	Delegation
1. External Project Approvals and External Funding Agreement	<ul style="list-style-type: none"> DfT Conditional Funding Agreement 	SRO to direct the negotiations with DfT leading to the terms of the funding offer from Transport Ministers being reported to MGEb for approval.
	<ul style="list-style-type: none"> HMT approval to commence Procurement 	SRO to direct the preparation of the OBC and any supporting evidence to secure the approval of the Project Review Group to commence procurement.
	<ul style="list-style-type: none"> DfT contribution to preparation costs 	SRO to secure the maximum contribution from DfT and report the outcome to the MGEb as part of the project budget and funding proposal to be presented for approval (see below)
	<ul style="list-style-type: none"> DfT/HMT grant Final Funding Approval 	(see procurement delegations)
2. Next Stage Project Plan	<ul style="list-style-type: none"> Council approve project budget 	SRO presents project budget and funding proposals, embracing external funding contributions, to MGEb for approval
	<ul style="list-style-type: none"> Council approve project resources 	SRO presents resource plans, including commissioning of external consultants to MGEb for approval
	<ul style="list-style-type: none"> Council approve OBC 	SRO presents final OBC, as approved by DfT and HMT, to MGEb for approval.
3. Land Assembly	<ul style="list-style-type: none"> Complete Land Acquired by Agreement 	SRO to direct acquisition of property and rights by agreement in accordance with the advanced land acquisition policy approved

		by MGEb.
	<ul style="list-style-type: none"> Commence Compulsory Purchase Procedure 	SRO to approve project team proposals for commencing the formal CPO process
	<ul style="list-style-type: none"> All land and rights required for the scheme in Council ownership, secured at value for money. 	<ol style="list-style-type: none"> SRO to direct the acquisition of property and rights by the project team to ensure that Council is able to provide the DBFO contractor with an interest in all the scheme land at Financial Close. SRO to direct negotiations of third party claims to ensure compliance with the compensation code and on a best value basis, referring any unresolved matters to the Lands Tribunal.
	<ul style="list-style-type: none"> Property managed safely and securely 	SRO directs the interim management of property acquired to meet safety and security requirements and to secure best value.
4. Advanced Works	<ul style="list-style-type: none"> Complete all advanced surveys to comply with third party commitments. 	SRO to direct the data collection required to satisfy third party commitments
	<ul style="list-style-type: none"> Site Clearance Works identified and completed 	SRO to approve project team recommendations for site clearance on best value terms.

	Key Outcomes	Delegation
5. Planning Conditions and Third Party Commitments	<ul style="list-style-type: none"> Determine a strategy for discharging all Planning Conditions. 	SRO to direct the preparation of a strategy for discharging all planning conditions and to establish a Planning Performance Agreement with Halton planning officers.
	<ul style="list-style-type: none"> Determine a strategy for discharging all commitments to third parties. 	SRO to direct the preparation of a commitments register and to approve recommendations for discharging each commitment.
6. Procurement	<ul style="list-style-type: none"> Procurement Strategy Approved by Council. 	SRO to present procurement strategy agreed by DfT and HMT to MGEb for approval
	<ul style="list-style-type: none"> Contract Notice Published in OJEU 	SRO approves OJEU recommended by project team
	<ul style="list-style-type: none"> Announce Prequalified Bidders 	1. SRO approves selection criteria for pre-qualification

		<p>2. SRO approves the assessment panel for pre-qualification</p> <p>3. SRO approves the recommendations of the assessment panel selecting the 3 bidders.</p> <p>4. SRO reports the results of pre-qualification to MGEb for information</p>
	<ul style="list-style-type: none"> Commence the Competitive Dialogue 	<p>1.SRO directs the preparation of procurement documentation required to commence the Competitive Dialogue process.</p> <p>2. SRO approves the evaluation methodology.</p>
	<ul style="list-style-type: none"> Close the Competitive Dialogue 	<p>1.SRO directs the procurement negotiations to ensure equity and confidentiality.</p> <p>2. SRO to approve project team recommendations for closing the Competitive Dialogue.</p> <p>3. SRO approves project team recommendation relating to the Final Submission terms and requirements.</p>
	<ul style="list-style-type: none"> Final Submissions Assessed and Provisional Preferred Bidder Selected 	<p>1. SRO appoints the Final Submission assessment panel</p> <p>2. SRO approves the recommendations of the Assessment Panel and the selection of the provisional preferred bidder.</p> <p>3. SRO reports the selection of the Preferred Bidder with terms of offer to MGEb for approval.</p>
	<ul style="list-style-type: none"> Final Business Case Approved and Preferred Bidder Confirmed 	<p>1.SRO agrees Final Business Case and submits to DfT and DfT/HMT for approval.</p> <p>2. SRO approves the terms for Contract Award and Financial Close</p>
	<ul style="list-style-type: none"> Contract Award with Financial Close 	<p>1. SRO agrees the terms of Contract and Finance and reports to MGEb for approval.</p>