

REPORT TO: Mersey Gateway Executive Board

DATE: 29 November 2012

REPORTING OFFICER: Chief Executive

PORTFOLIO: Leader

SUBJECT: Mersey Gateway Bridge – Procurement Progress

WARDS: All

1.0 PURPOSE OF THE REPORT

1.1 This report advises Members of the progress of the Mersey Gateway procurement process.

2.0 RECOMMENDATION: no decisions are required but the Mersey Gateway Executive Board are invited to note:-

2.1 That the Competitive Dialogue process is progressing to programme and that all Bidders are fully engaged with the process and continue to develop their draft Final Submissions.

3.0 SUPPORTING INFORMATION

3.1 The Mersey Gateway Project Team have approved a change to one of the bidding partners in the MGL consortium following a formal reassessment process. BAM Nuttall has joined the MGL consortium to replace Galliford Try Investments Limited. Changes to consortiums on projects of this scale are not unusual and the fact that a replacement partner has joined the consortium shows there is a high level of interest in delivering this project. The procurement timetable will continue as planned.

3.2 Since the last procurement report to Project Board, a number of Dialogue Meetings have taken place (supported by Bidder Submissions made in advance); matters covered included the following:

3.2.1 Technical Stream

- Two rounds of meetings have been held with each Bidder covering a range of technical aspects of their proposals;
- Submissions covering the Bidders' asset management strategies were received; and

- Bidders' proposals for traffic management during construction were received (addressing the Council's need to minimise disruption during the works).

3.2.2 Commercial Stream

- Two rounds of meetings have been held with each Bidder covering a wide range of significant commercial matters under the Project Agreement and DMP Agreement including the Bidder "mark-up" of the Project Agreement; the Bidder "mark-up" of the DMP Agreement; the Revenue Collection Business Plan covering all aspects of the proposed tolling service; and the Draft Financing Plan and Financial Model covering affordability, service charges under the DMPA and the plan for raising funding;
- In addition, dialogue meetings were held on community engagement and social responsibility initiatives. Comments were given on each Bidder's Outline Employment and Skills Delivery Plan covering their approach to a range of initiatives (employment opportunities, apprenticeships, workplace training, work placements, learning and careers, SME engagement and donated hours). Halton Employment Partnership attended the meetings; and
- A workshop was held with Senior Council officers to discuss Council comments on the draft Project Agreement. The project team provided an update as to the evolution of some aspects of the contract as a result of dialogue with Bidders.

3.3 The Preparations for evaluation of Draft Final Tender are on-going. The purpose of the evaluation of Draft Final Tenders is to allow the Council to close the Dialogue and is not required to support an award decision. Close of dialogue is a significant milestone. The evaluation is required to help satisfy the Council that there is "*one or more solutions capable of meeting its needs*", to close dialogue and allow a call for Final Tender to be issued. The Council will provide feedback to Bidders to allow them to refine their proposals for Final Tender. The Project Team are preparing to receive and evaluate a significant number of bidder submissions on 16th November. An oral update regarding the status of the submissions received on the 16th will be provided at the meeting.

3.4 The first Bidder feedback and clarification meetings are scheduled for week commencing 17th December. Further meetings are scheduled in the New Year.

3.5 The Project Team expect to announce a preferred bidder in the Spring of 2013 and remain on target to deliver Financial Close in the Autumn of 2013.

- 3.6 In line with the recommendations raised at 20th September MGEb, the Project Team have progressed with the procurement of the Owner Controlled Insurance Programme (OCIP) insurance. A total of 31 tenderers passed the pre-qualification stage. The Council invited the 31 tenderers to negotiate in a two-stage process. The first stage involves the invitation to negotiate for “lead” underwriting terms under the OCIP. The second stage will involve the invitation to negotiate for “follow” underwriting terms and Excess Layer Third Party Liability terms. The process so far has demonstrated that the Board’s Retained Risks can be included under the OCIP at a relatively small incremental cost.
- 3.7 The land acquisition programme continues in parallel with the dialogue meetings to ensure that the required land is delivered on time, or necessary rights that the Project Company needs in order to construct the Mersey Gateway have been obtained. The programme is on schedule, and continues to acquire land both through agreement and by exercising of its Compulsory Purchase powers through the serving of General Vesting Declarations, of which five have made to date, and GVD No. 6 is currently being prepared. Negotiations continue with a number of affected parties, with the ability to use Compulsory Purchase powers should it be necessary. A significant number of affected businesses have now identified relocation premises and the team are working with them to ensure they have relocated and vacated their existing premises by April 2013.

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

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

6.2 Employment, Learning and Skills in Halton

Over 500 construction jobs will be required for MG and matters are in hand designed 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 cycling and walking facilities.

6.5 Halton's Urban Renewal

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

7.0 RISK ANALYSIS

The project structure supported by the proposed delegation and decision authority will reduce the risk of delay and improve the quality of the project control. A full risk register is maintained as part of the project management system.

8.0 EQUALITY AND DIVERSITY ISSUES

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

None under the meaning of the Act.