

Collaborative Delivery Framework

Framework Information

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1. INTRODUCTION

1.1 Framework principles and objectives

- 1.1.1 The *Employer's* objectives for this framework are set out in Annex 1.
- 1.1.2 The Framework Board is the executive group which is accountable for providing strategic management and coordination of works undertaken through the Framework Contract.
- 1.1.3 The Framework Board is responsible for ensuring that best value is obtained and demonstrated from operating the Framework Contract. The Framework Board will consist of a member of the Major Projects Exec, the Framework Manager and the Commercial and Procurement Directors from the Highways Agency. Other members will be co-opted as required.
- 1.1.4 The principles under which the framework is intended to operate are set out in the Framework Guidance Manual.
- 1.1.5 The *Employer* may include Option X12 or X20 in a Work Package for *works* or *services* related to a programme of schemes or a scheme involving work by Others. If either Option is used, the performance measures and incentives apply in relation to the achievement of the Highways Agency's objectives for the programme of schemes or scheme.
- 1.1.6 Performance will be monitored at Package Contract level and at programme level where work is carried out under a programme.

1.2 Behaviour and Collaboration with other suppliers

- 1.2.1 The *Supplier* co-operates with other *Suppliers* appointed to the framework in obtaining and providing information which they need in connection with work under this framework.
- 1.2.2 The Agency requires framework suppliers to share best practice across the framework; this may take place during formal meetings facilitated by the Agency or regular documented communication between suppliers. All projects will be required to contribute best practice learning and continual improvement.
- 1.2.3 The collaboration objectives and supporting outline behavioral principles are outlined in the Framework Guidance Manual.

2. OPERATION OF THE FRAMEWORK

2.1 Instructing Orders

- 2.1.1 Orders under the framework are placed by means of a Package Contract, either a Package Order or a Time Charge Order.

- 2.1.2 A Time Charge Order is issued for work to assist the *Employer* in developing the additional Works Information or Scope required for a Package Order. A Time Charge Order or a Package Order may also be issued to *Suppliers* from lots 2, 3A and 3B who may be required to provide advice on buildability, planning, interface management and aggregated procurement.
- 2.1.3 The selection of a *Supplier* for a Time Charge Order is made by the Framework Board following the procedure set out in section 3.
- 2.1.4 The selection of a *Supplier* for a Package Order will be made by the Framework Board following the procedure set out in section 3 and shown in the flow chart at Annex 2.
- 2.1.5 The *Employer* states which main and secondary Options apply to a proposed Package Order when the brief for the Package Order is issued. The Package Order is issued under the stated Options.

2.2 Allocation of work to lots

- 2.2.1 Package Contracts are allocated to the appropriate lot as follows:
 - lot 1 – Professional Design and Engineering services. *Suppliers* in this lot may also be appointed by suppliers in lot 2, lot 3A and lot 3B.
 - lot 2 – Medium value construction work with scheme values from £0 up to an initial value of £25m which may be extended up to £50m.
 - lot 3A – High value construction works with scheme values from £25m up to initial value of £100m which may be extended up to £300m.
 - lot 3B – High value construction works with scheme values of between £100m and £450m.
- 2.2.2 On each anniversary of the award of the Framework Contract, *Suppliers* from lots 2 or 3A are invited to submit information to demonstrate that they meet the criteria for lots 3A or 3B respectively, and should be allowed to submit proposals for work in that higher value lot.
- 2.2.3 The *Supplier* either submits a "nil return" – they do not wish to be considered for such work, or provides information to demonstrate that due to changes since they were selected for the framework, they now meet the qualification requirements for that lot.
- 2.2.4 The Framework Board assesses the submission and notifies the *Supplier* whether or not they have met the requirements.
- 2.2.5 A *Supplier* who is notified that they have not met the requirements may appeal to the Framework Board. Pending a decision by the Framework Board they will not be invited to make submissions for any Package Contract outside the lot for which they were originally placed in the framework.
- 2.2.6 If the Framework Board states that joint ventures may make submissions for a proposed Package Contract, *Suppliers* may form a

joint venture with other *Suppliers* to carry out the proposed Package Contract.

- 2.2.7 On each anniversary of the award of the Framework Contract the Framework Board will assess whether the upper limit of lots 2 and 3a should be increased. If **all** suppliers in lot 2 or 3A provide a submission to demonstrate that they are capable of carrying out work of a higher value than that originally stated for the lot, the Framework Board may increase the value of schemes to be included in that lot up to the maximum of £50m (lot 2) and £300m (lot 3A)).
- 2.2.8 Where a scheme value is within the limits of two lots, suppliers from both lots will be considered for selection.

2.3 Programme of work

- 2.3.1 The *Employer* may decide to combine a number of schemes into a programme of work. If a programme of schemes is developed, the *Employer* notifies *Suppliers* of the details of this program and sets out the incentive sharing mechanism related to the achievement of this programme of work.
- 2.3.2 Each scheme in the programme will be instructed under a separate Package Contract.

2.4 Contractor's use of lot 1 designer

- 2.4.1 The following provisions apply if a *Supplier* appointed by the *Employer* for/on the design and construction of a Work Package is also available to provide design support to a *Contractor* on that Work Package:
- The information provided by the lot 1 *Supplier* is made available to all *Suppliers* with the brief for a proposed Work Package.
 - The *Supplier* does not provide any further information to a *Contractor* providing a response to the brief.

2.5 Transparency

- 2.5.1 Under the Cabinet Office's Guidance Note dated December 2010 entitled "Transparency - Publication of New Central Government Contracts", or any later revision, the Highways Agency is obliged to publish placed Package Contracts, including the information submitted to the *Employer* by the *Supplier* as part of the *quotation procedure*, excluding only information which is exempt from disclosure pursuant to the Freedom of Information Act 2000. The Agency's initial view is that the only materials likely to be excluded from publication on this basis are as follows:
- CVs for the people listed in the Package Contract.
 - Build-ups of the prices in the submitted forms from Annex 7 – resource cost schedule (but not the prices in the activity schedule/Bill of Quantities/Price List).

- 2.5.2 For each Work Package, the *Supplier* is invited to identify (with reasons) those materials which he wishes to see excluded from publication based on the parameters set out above. The *Supplier* acknowledges that the final decision as to which materials are excluded from publication rests with the Highways Agency in its sole discretion. Any submission by the *Supplier* to exclude material is for information only and will not be taken into account in the assessment process, nor will it form part of any contract between the *Employer* and the *Supplier*
- 2.5.3 All Central Government Departments and their Executive Agencies and Non Departmental Public Bodies are subject to control and reporting within Government. In particular, they report to the Cabinet Office and HM Treasury for all expenditure. Further, the Cabinet Office has a cross-Government role delivering overall Government policy on public procurement - including ensuring value for money and related aspects of good procurement practice
- 2.5.4 For these purposes, the *Employer* may disclose within Government any of the *Suppliers'* documents and information (including any that the *Suppliers* considers to be confidential and/or commercially sensitive, such as specific bid information/Quotation Information) submitted by the *Suppliers* to the *Employer* during this framework, quotation procedure, or Package Order (including but not limited to any dispute and dispute settlement). The information will not be disclosed outside Government. The *Supplier* taking part in this framework contract and any quotations and / or Package Contracts consents to these terms.

2.6 Limits of Liability

- 2.6.1 The *Employer* may limit *Supplier's* liability for Package Contracts.
- 2.6.2 Limitation on *Supplier's* liability will only be adopted where the *Suppliers'* risks and liability is considered by the *Employer* to be disproportionate and could result in:
- *Suppliers* declining requests for quotations;
 - higher quotation values and loss of value for money;
 - duplication of insurance; or
 - preventing *Supplier* innovation.
- 2.6.3 The *Employer* states whether this limited liability is to apply to a proposed Package Contract when the brief and request for quotation for the Package Contract is issued.

3. SELECTION PROCEDURE

3.1 Selection Procedure

- 3.1.1 The selection of a *Supplier* for a Package Contract is made following the procedure described below.
- 3.1.2 *Suppliers* will be excluded from selection if:

- From award of the Framework Contract, they have a 12 month rolling average Performance Indicator (PI) score or where no rolling average, an assessed quality score from the initial tender, when assessed as set out in the Works Information or Scope that is below 6 in any category, including Health and Safety and StART, until the Framework Board has accepted the remediation plan and the plan is being implemented. The average PI score is calculated from the average of all completed Packages, including the most recent scores for Packages in progress on the framework; or
- it has a Performance Indicator (PI) score for Health and Safety or StART of less than 6 until the Framework Board has accepted the remediation plan and the plan is being implemented; or
- the number of Quality Management Points they have at the time of selection on all Package Contracts exceeds 75 or has an average per Package Contract exceeding 25,
- they are subject to a termination notice or are subject to a Consult Notice from the *Employer*; or
- the issue of a Package Order to the *Supplier* would create a conflict of interest; or
- the financial capacity of the *Supplier* as set out in the financial capacity statement fails to meet the requirements for the proposed Package Contract when assessed as set out in Annex 4.
- the *Employer* is not satisfied that the *Supplier* would be able to complete the *works* or *services* required for the proposed Package Contract.

3.1.3 The *Employer* requests a submission from *Suppliers* who have not been excluded to demonstrate their capability for the proposed work. The submissions must be provided within the period of time specified in the brief and request.

3.1.4 Each *Supplier* is assessed for performance and capability.

- Performance: the performance score is calculated as the rolling 12-month average of the score (or where no rolling average, an assessed quality score from the initial tender), the PI scores for completed Package Contracts and the scores for Package Contracts in progress on the framework.
- Capability: specific resources identified as being critical to the completion of the Package Contract will need to be available when required. This will reflect resources already deployed on other Package Contracts within the framework and on other contracts and frameworks with the Agency and other employers. Confidence will be needed to ensure that the required resources are available when required throughout the course of the Work Package. The assessment is carried out as set out in Annex 4 table 2. A supplier who fails to reach a score of 6 will be excluded from selection.

3.1.5 Each *Supplier's* score is calculated from the scores for performance and for capability. The scores will be combined in the ratio defined for the proposed Package Contract within the ranges 70:30 to 30:70. The total will be expressed to one decimal place

3.1.6 For Time Charge Orders, the *Supplier* with the highest score will be selected for a Time Charge Order

- 3.1.7 For Package Orders, the selection of a *Supplier* for a proposed Package Order will be made following the quotation procedure set out in Section 4. The Framework Board will decide which option of the quotation procedure is to be used:

4. QUOTATION PROCEDURE

4.1 Adjustment for inflation

- 4.1.1 The prices in the *quotation information* are adjusted for inflation as stated in Annex 8. If the indices are changed after the Prices for a proposed Package Contract have been submitted, the Prices are recalculated using the revised indices.

4.2 Option 1 – secondary competition on quality and price

- 4.2.1 The *Employer* issues the brief for a proposed Package Order to all *Suppliers* who have not been excluded.

- 4.2.2 The brief consists of the following:

- The additional Contract Data identified in Annex 5 including specific insurance requirements
- The additional Works Information and Site Information or Scope for the proposed Package Order.
- Any additional factors for how the *Supplier* is to price the works

- 4.2.3 Each *Supplier* responds within the period set out in the brief by submitting the following information.

- The additional Contract Data Part 2 for the Package Order.
- A methodology statement for the proposed Package Order, including a programme for the work, risk register and details of the resources proposed. The methodology statement must not exceed the page limit set out in the brief.
- A Health and Safety submission if required by the brief.
- Details of the qualifications and experience of the *key people*, identified in additional Contract Data Part 2, proposed to manage and undertake the work. The *key people* identified in additional Contract Data Part 2 should be selected from the key people schedule submitted as part of the Framework tender unless those people are otherwise engaged on another CDF Package Contract. If alternative individuals are proposed, the Supplier should demonstrate how they hold equivalent qualifications and experience to the person they are replacing.
- A priced resource cost schedule setting out the cost of the resources included in the methodology statement. It is to be in the form set out in the brief, and provides costs for each operation on the programme. Substantiation is to be provided for the costs of the resources. Where the subcontracted cost of any item is more than 25%, a breakdown of the subcontract price is to be provided in a similar manner to the *Suppliers'* own costs.

- A priced *activity schedule* or *bill of quantities* for the proposed Package Order.
 - For lots 2, 3A and 3B, a build up of the Working Areas overhead, using the form shown in the brief. This must be supported by verifiable calculations of the forecast cost.
 - A statement indicating which information the *Supplier* would like withheld from any transparency publication in accordance with section 2.5.
 - Updated staff rate card.
- 4.2.4 The prices are to be derived from the information in the *quotation information* and applied to resource levels assessed as those for the sample Work Packages set out in Annex 7. Should prices be required for items additional to those in the *quotation information* the *Supplier* submits details to substantiate those prices.
- 4.2.5 The Health and Safety submission is to include a full response to the specific requirements based on the model Highways Agency's requirements set out in Table 1 of Annex 10. The submission must not exceed the page limit stated in the Package Order brief. The submission must be tailored specifically to the individual Package Order. *[The Employer may amend this requirement for each Package Order]*
- 4.2.6 Where a Health and Safety submission is requested, a Quality Panel will undertake a competency assessment of the *Supplier's* Health and Safety Submission in response to the requirements based on Table 1 of Annex 10 including Principal Contractor, Subcontractors and Designers where appropriate. This will include an assessment of whether information in the Health and Safety Submission and the *quotation information* is suitable to ensure that the requirements of The Construction (Design and Management) Regulations 2007 can be met. The assessment shall be undertaken against the model criteria (tailored to the Package Order) stated in Table 2 of Annex 10.
- 4.2.7 *Suppliers* must therefore be able to satisfy the *Employer* that they are competent and will have available adequate resources for health and safety. The Procurement Officer may refer any concerns to the appropriate *Supplier*. Unless the *Supplier* is able to demonstrate that its proposals are suitable and can be relied on, the submission will be rejected.
- 4.2.8 For Lot 1 the local office overhead and business overhead is re-calculated for each Package Contract in accordance with the Schedule of Cost Components but must not exceed the capped values in the *quotation information* for these items. The profit percentage contained in the framework Contract Data Part 2 is a capped percentage for the duration of the framework. *Suppliers* may bid a lower profit percentage.
- 4.2.9 For Lot 2, 3a and 3b the capped staff rates contained in the *quotation information* are capped rates against each of the specified roles. When a draft Package Contract is issued for a quotation *Suppliers* must provide rate build ups for each staff member based on the actual base salary and salary related costs for each individual proposed and

demonstrate that all proposed staff rates are less than or equal to the capped rates for each relevant role within the *quotation information*. The Working Area Overhead percentages contained in the framework Contract Data Part 2 are capped percentages applied for the life of the framework. *Suppliers* may bid a lower Working Area Overhead percentage. The fee percentage contained in the framework Contract Data Part 2 is a capped percentage for the duration of the framework. *Suppliers* may bid a lower fee percentage.

- 4.2.10 The *Supplier* includes in his proposal a discount on the prices for the Package Contract if the scale or timing of the proposed Package Contract provides efficiency savings from the prices included in the *quotation information*.
- 4.2.11 A quality panel assesses the methodology statement using the assessment criteria given in Annex 4 Table 3 and calculates the *Supplier's* score using the categories set out in Annex 4 Table 4. The quality panel does not have access to the prices provided in the submission. The quality panel may seek clarification during the marking process to remove any uncertainty over the meaning of a proposal. If a *Supplier's* submission is found to be not acceptable, the Supplier will be excluded from further consideration.
- 4.2.12 The minimum quality requirement is to reach a threshold of 60 for the methodology statement. A *Supplier* that has failed to achieve the minimum quality requirements may not be considered further in the assessment, and if excluded, the *Supplier* will be notified by the Procurement Officer.
- 4.2.13 The *Supplier* with the highest total quality mark is given a score of 100
- 4.2.14 The scores of other *Suppliers* are calculated by deducting from 100 one point for each full percentage point by which their mark is below the highest mark.
- 4.2.15 The *Supplier* with the lowest price submitted is given a score of 100. The scores of other *Suppliers* are calculated by deducting from 100 one point for each full percentage point by which their price is above the lowest price.
- 4.2.16 The quality score and the financial score will be combined in the ratio set out in the package brief (within the ranges 70:30 to 30:70) applied to the quality and finance scores respectively. The total will be expressed to one decimal place. If more than one *Supplier* has the same highest score, the *Supplier* that will be considered further in accordance with the assessment procedure will be the lowest priced *Supplier*.
- 4.2.17 Following completion of the scoring, the quality panel will review the material submitted by the highest scoring *Supplier* to verify the compatibility of the material in the quality and financial submissions. The quality panel may seek further clarification to enable them to understand the submission better. Failure to provide satisfactory evidence to support any part of this aspect of the tender may result in the

submission being rejected and the next highest scoring *Supplier* being considered.

- 4.2.18 When satisfied that the correct procedures have been followed the Procurement Officer informs all suppliers submitting a quotation which proposal the *Employer* proposes to accept if any. A 10 day stand still period will occur before any Package Order is issued.
- 4.2.19 Prior to the award of any Package Order the *Supplier* must provide evidence that insurance required by the Package Order is in place.
- 4.2.20 If a submission is accepted, the *Employer* will issue a Package Order to the *Supplier* to carry out the work or service set out in the Package Order.
- 4.2.21 The *Employer* reserves the right not to proceed with any proposal made in response to an invitation.

4.3 Option 2 – secondary competition on quality

- 4.3.1 The *Employer* issues the brief for a proposed Work Package to all *Suppliers* who have not been excluded.
- 4.3.2 The brief consists of the following:
- The additional Contract Data identified in Annex 5.
 - The additional Works Information and Site Information or Scope for the proposed Work Package.
 - The *Employer's* lump sum price, target price or cost forecast as applicable for the selected option.
 - Any additional factors for how the *Supplier* is to price the works
- Scheme / programme Incentive Budget
- 4.3.3 If a *Supplier* considers that the proposed Work Package cannot be completed within the lump sum price, target price or cost forecast provided by the *Employer* he notifies the *Employer* within the period set out in the brief. The notice includes details of any change proposed by the *Supplier*. The *Employer*:
- notifies the *Supplier* that the competition will continue without him,
 - notifies all *Suppliers* of a change to the proposed Package Order; or
 - restarts the quotation procedure using option 1.
- 4.3.4 Each *Supplier* who has not been excluded responds within the period of time specified in the brief by submitting the following information:
- The additional Contract Data Part 2 for the Work Package.
 - Confirmation that the proposed Work Package can be completed within the lump sum price, target price or cost forecast provided by the *Employer*. A final submission higher than the price stated by the *Employer* will be rejected.
 - A methodology statement for the proposed Work Package, including a programme for the work, risk register and details of the resources proposed.

The methodology statement must not exceed the number of sides of A4 paper specified in the brief.

- A Health and Safety submission if required by the brief.
- Details of the qualifications and experience of the *key people*, identified in additional Contract Data Part 2 proposed to manage and undertake the work. The *key people* identified in additional Contract Data Part 2 should be selected from the key people schedule submitted as part of the Framework tender unless those people are otherwise engaged on another CDF Package Contract. If alternative individuals are proposed, the Supplier should demonstrate how they hold equivalent qualifications and experience to the person they are replacing.
- A priced resource cost schedule setting out the cost of the resources included in the methodology statement. It is to be in the form set out in the brief, and provide costs for each operation on the programme. Substantiation is to be provided for the costs of the resources. Where the subcontracted cost of any item is more than 25%, a breakdown of the subcontract price is to be provided in a similar manner to the *Suppliers'* own costs.
- A priced *activity schedule* or *bill of quantities* for the proposed Package Contract.
- For lots 2, 3A and 3B, a build up of the Working Areas overhead, using the form shown in brief. This must be supported by verifiable calculations of the forecast cost.
- Updated staff rate card.
- A statement indicating which information the *Supplier* would like withheld from any transparency publication

4.3.5 The Health and Safety submission is to include a full response to the specific requirements based on the model Highways Agency's requirements set out in Table 1 of Annex 10 The submission must not exceed the page limit stated in the Package Order brief. The submission must be tailored specifically to the individual Package Order. *[The Employer may amend this requirement for each Package Order].*

4.3.6 Where a Health and Safety submission is requested, a Quality Panel will undertake a competency assessment of the *Supplier's* Health and Safety Submission in response to the requirements based on Table 1 of Annex 10 including Principal Contractor, Subcontractors and Designers where appropriate. This will include an assessment of whether information in the Health and Safety Submission and the quotation information is suitable to ensure that the requirements of The Construction (Design and Management) Regulations 2007 can be met. The assessment shall be undertaken against the model criteria (tailored to the Package Order) stated in Table 2 of Annex 10.

4.3.7 *Suppliers* must therefore be able to satisfy the Employer that they are competent and will have available adequate resources for health and safety. The Procurement Officer may refer any concerns to the appropriate *Supplier*. Unless the *Supplier* is able to demonstrate that its

proposals are suitable and can be relied on, the submission will be rejected.

- 4.3.8 The prices provided by the *Supplier* are to be based on the information in the *quotation information* and applied to resource levels assessed as those for the sample Work Packages set out in Annex 7. Should prices be required for items additional to those in the *quotation information* the *Supplier* submits details to substantiate those prices.
- 4.3.9 The *Supplier* includes in his proposal a discount on the Prices for the Package Contract if the scale or timing of the proposed Work Package provides efficiency savings from the prices included in the *quotation information*.
- 4.3.10 A quality panel assesses the methodology statement using the assessment criteria given in Annex 4 Table 3 and calculates the *Supplier's* score using the categories set out in Annex 4 Table 4. The quality panel may seek clarification during the marking process to remove any uncertainty over the meaning of a proposal. If a *Supplier's* submission is found to be not acceptable, the *Supplier* will be excluded from further consideration. The highest scoring submission will be considered for award of the Package Order.
- 4.3.11 Following completion of the scoring, the quality panel will review the material submitted by the highest scoring *Supplier* to verify the compatibility of the material in the submission. The quality panel may seek further clarification to enable them to understand the submission better. The minimum quality requirement is to reach a threshold of 60 for the quality submission. A *Supplier* that has failed to achieve the minimum quality requirements may not be considered further, and if excluded, the *Supplier* will be notified by the Procurement Officer. Failure to provide satisfactory evidence to support any part of this aspect of the tender may result in the submission being rejected and the next highest scoring *Supplier* being considered.
- 4.3.12 When satisfied that the correct procedures have been followed the Procurement Officer informs all *Suppliers* submitting a quotation which proposal the *Employer* proposes to accept if any. A 10 day stand still period will occur before any Package Order is issued.
- 4.3.13 Prior to the award of any Package Order the *Supplier* must provide evidence that insurance required by the Package Order is in place.
- 4.3.14 If a proposal is accepted, the *Employer* will issue a Package Order to the *Supplier* to carry out the work or Provide the Services set out in the Package Order.
- 4.3.15 The *Employer* reserves the right not to proceed with any proposal made in response to an invitation.
- 4.3.16 If a proposal is not accepted, the Procurement Officer restarts the quotation procedure using option 1.

ANNEX 1 – FRAMEWORK OBJECTIVES

1. Framework principles and objectives

1.1 Principles

The overriding principles guiding the Highways Agency as the *Employer*, and the selected *Supplier* in the operation of this Framework Contract and in the delivery of each scheme are:

- focusing on the outcomes for customers of our investments and thereby driving a significantly improved service to our customers, our neighbours and our stakeholders;
- for *Suppliers* to earn an above market rate of return for delivering exceptional performance improvements in health and safety, sustainability, quality, time and cost over the life of the framework;
- the creation and pro-active management of long term collaborative relationships driven by aligned objectives, behaviours and values;
- active sharing of information and learning within a collaborative programme environment to drive improved results;
- creation of an environment which is stimulating and rewarding for our people, and develops and attracts talent to our industry;
- progressive dependence on and trust in the *Supplier's* capability to deliver successful results;
- a fully integrated approach to delivery with all parties adopting a constructive approach to resolution of emergent issues, thereby limiting risk and maximising opportunity;
- pre-agreement of commercial terms with incentives to deliver improvements in targets for cost, time, quality and safety at both scheme and programme level; and
- that all parties recognise that as an industry we are going through a transformational change in the way roads are delivered and that we bring the leadership and breadth of capability necessary to be successful.

1.2 Objectives

The core objective of this Framework Contract is that by working together in accordance with the principles, the Parties will achieve the successful delivery of schemes and the programme.

Continued improvement of HSSQTC (health, safety, sustainability, quality, time and cost) in delivery of the works and services is a key feature of this Framework Contract. The *Employer* has identified key objectives broken down into; ambition, beliefs, processes, organisation and people, as set out in detail below.

The *Employer* does not consider it practical, nor desirable, to unilaterally develop the detailed objectives, action and implementation plans, at this stage, however, the *Employer* will be seeking to work collaboratively with its *Suppliers* to set detailed and ambitious goals and metrics in order to actively measure performance against the framework objectives. It is expected that

these will be set out at the start of the framework and developed through the life of the framework. These will include development of updated performance metrics which will include a re-draft of the “Motivating Success – A Toolkit for Performance Management – Major Projects” (MST), including an objective to align both behaviours and StART.

1.2.1 The Ambition – Delivering Significantly Better Results

This **Ambition** is not limited to the outputs and outcomes that will be delivered by the framework but importantly also transforming the way in which outcomes and outputs are delivered.

Our improvement drivers (why change):

Increasing the economic benefit from our investment

- actively supporting government challenges;
- responding to customer needs; and
- sustaining our reputation as a best practice delivery organisation.

Our ambition (what we want to achieve):

Delivering significantly better results

- more effective solutions: improved economic, environmental and social outcomes;
- step change in delivery: improvements in safety, sustainability, quality, time and cost; and
- enabling relationships: better engagement with our people, customers and stakeholders.

Our delivery strategy (how we plan to be successful):

Enabling best possible outcomes

- driving value through engagement and collaboration;
- processes focussed on product and production;
- organisation structured around delivering programmes; and
- unleashing the capability of our people and enabling them to deliver their best.

1.2.2 Product Results

An objective of the Framework Contract is to achieve significantly better **Product Results** through influencing and collaborative working across the supply chain and organisational divisions within the Agency.

- **Quality of Product:** specifications and standards that are lean, fit-for-purpose and support the production approach.
- **Cost of Ownership:** solutions which minimise the whole life cost of operating, maintaining and improving the network.
- **Safety:** to foster innovation which leads to improved road safety performance.
- **Culture: “One Team, One Agency, One Agenda”:** Encouraging & enabling pace across the agency & supply chain.

1.2.3 Delivery Results

An objective of the Framework Contract is to drive significantly better **Delivery Results** year on year through the framework:

- **Health & Safety**

- Become recognised as a leader in Health **and** Safety culture.
- Eliminating harm to all those involved in delivery, operation and maintenance.
- **Social and Environmental**
 - Deliver a real and demonstrable benefit to communities through employment of local people, greater use of SME's and training and development to up-skills.
 - To deliver positive and lasting legacy from roads investment over and above economic and transport benefits and traditional environmental mitigation, and which is recognised and valued by local communities.
 - To reduce the environmental impact of delivery through reduction of carbon and waste and increased recycling and re-use.
 - To enable a step change in embracing a more diverse workforce, and finding more cost effective ways of delivering sustainable outcomes for the Strategic Road Network. (See Annex 9 for more information on Highways Agency Economic, Environmental and Social approach).
- **Quality**
 - Become recognised as a leader of quality culture in both development and delivery by transforming the approach to quality.
 - Reduce the cost of rework by 80%.
 - Drive quality requirements down the supply chain.
 - Ensure quality of product is to the standard required for construction, operation and maintenance.
 - Operate an active quality control process.
- **Time**
 - Early scheme engagement.
 - Early involvement with Delivery Partners to minimise re-work.
 - Up-to-date programme information at every stage.
 - Where a statutory planning process is involved, reduce delivery schedules by a quarter and then a quarter again.
 - To otherwise reduce schedules by half and then half again.
 - To ensure all aspects of schemes or programmes, including all information relating to testing commissioning and handover are closed out timely.
- **Cost**
 - To reduce the unit cost of delivery by 4% year on year (after allowing for inflation).

FRAMEWORK CORE OBJECTIVE

We seek organisations who want to work with the Highways Agency to deliver better outcomes for customers and achieve develop and deliver the significantly better product and delivery results.

1.3 Beliefs

The core belief of the Agency is that ***significantly better value can be achieved through collaboration and engagement.***

The *Employer* believes that a healthy, profitable supply chain is essential to achieving its objectives and for the UK economy in general. The *Employer* recognises that *Suppliers* must also satisfy the objectives of their own shareholders and stakeholders and this Framework Contract seeks to establish the environment in which this can occur.

In particular, under this Framework Contract, the *Employer* is seeking to create:

- Long term predictable work allocation to create predictability for ourselves and our supply partners.
- A ring-fenced nominal profit for our *Suppliers* (subject to satisfactory performance).
- Significant upside rewards for both Parties through target beating and exceptional performance.
- Year on year improvement.
- A constructive tension through setting demanding targets and defined consequences for under-performance.

Rather than seeking to dictate the exact mechanics of the framework the *Employer* is seeking to engage with its supply partners within the parameters set out below.

1.3.1 Collaboration

Collaboration is fundamental to driving significantly improved results. The *Supplier* must genuinely share in the *Employer's* belief in the value of collaboration and be committed and to demonstrably collaborate, by:

- supporting the Agency to develop its collaboration capability maturity in line with industry best practice; and
- supporting, contributing and delivering a significant improvement in project, programme and portfolio management capability.

On the Framework Contract, collaboration will extend across the Highways Agency (one team, one agenda), between the *Employer* and organisations on the Framework Contract, and between the *Suppliers*.

Collaboration, combined with shared incentives with the Tier 2+ supply chain, is essential because:

- Good collaboration leads to a stronger and jointly owned purpose. A common purpose enables our collective energy to be focused on achieving the right outcomes for customers.
- An effective collaborative environment is open and transparent and one where knowledge and learning is shared freely. This promotes a culture of innovation, a joint understanding of problems and opportunities, and measured risk taking.
- In a significantly growing investment programme, collaboration reduces the duplication of roles and therefore minimises waste, and seeks to maximise the output from a constrained set of resources.
- A delivery culture which has a clear purpose, values innovation and learning, is willing to take measured risks and drive out waste will deliver measurably better performance results.

Vital enablers for collaboration will be 'earned' trust, and an open, transparent and honest commercial approach.

Collaboration will continuously be assessed against a range of performance and behavioural metrics which will be developed and measured throughout the Framework Contract.

1.3.1.1 Purpose and benefits of collaboration

There are a number of key drivers and benefits which the *Employer* seeks to attain through a philosophy of collaboration:

- The significant increase in capital expenditure means there is a need for an increased capacity to deliver. The optimum way of achieving this is for the supply chain to act as a seamless extension to the Highways Agency. This can only be achieved through collaboration.
- Creating an open and transparent culture, fostering; innovation, considered risk-taking, shared problem solving and joint investment in solutions, can create a dynamic, responsive environment and significantly better results.
- Creating a shared purpose focussed around delivering optimum benefits for customers, can achieve better outcomes. This involves the Highways Agency openly sharing its business plans and a long-term objectives with the supply chain and creating a jointly agreed delivery plan and performance/behavioural metrics with the supply chain.
- Playing to the strengths of the *Employer* and its supply chain can maximise capacity, and avoid duplication and wasted effort. This involves engendering a true spirit of trust and respect for the professional competence of each team member.
- It is a fundamental requirement that the framework delivers year on year improvement and significantly better results. To do this performance metrics will be jointly agreed and performance measured against a long-term action plan created to deliver improvement. Reward will be directly contingent upon meeting these improvement objectives.
- In the move from a public sector Agency to a wholly owned Government company there is a need to create a more agile, dynamic and less bureaucratic operating environment. Through working closely with our supply partners we are seeking to meld the best attributes of the private sector with the service ethos and public accountability of the public sector. Through this exchange of cultures we seek to create a stimulating, engaging and interesting working environment for all participants and a true sense of engagement in purposeful and worthwhile work. Motivated people deliver outstanding results.

1.3.1.2 Characteristics of collaboration

Collaboration stems from an attitude of mind and a philosophy to business that releases the potential of the participants and results in exceptional levels of performance.

The attributes and behaviours that the *Employer* is seeking to engender with its *Suppliers* on this Framework Contract and those the *Employer* is actively seeking to discourage are as follows:

Collaborative attitudes	Business as usual
<i>Openness and trust, open book arrangements, self certification;</i>	<i>Confidentiality, closed book, man for man marking;</i>
<i>Common goals and objectives,</i>	<i>Vested interests, contractual</i>

<i>mutually agreed targets, enlightened self-interest;</i>	<i>approach; Win /lose arrangements;</i>
<i>Risk sharing, investing in success, innovation, problem solving and risking new approaches;</i>	<i>Risk averse, entrenched attitudes, cashing in on problems blame culture;</i>
<i>Knowledge sharing and openness;</i>	<i>Knowledge as a source of contractual advantage;</i>
<i>Performance and output driven approach. Continuous improvement, performance measurement, target setting;</i>	<i>Deliver what it says in the contract;</i>
<i>Agreed dispute resolution process;</i>	<i>Adversarial approach, revert to contract;</i>
<i>Equal peers, respect for respective skills, constructive challenge, openness to constructive criticism;</i>	<i>Master/ servant relationship, reluctance to criticise, acceptance of the second rate;</i>
<i>Long term relationship, predefined workload continuous learning stable supply chain from project to project;</i>	<i>One off project by project approach, bid for each project;</i>
<i>Seamless teams, co- location, "best athlete" approach.</i>	<i>Silo working, predefined roles and obligations.</i>

1.3.2 Engagement

The *Employer* believes strong engagement with its customers and stakeholders is vital as the organisation moves forward. As a result, *Suppliers* must support the *Employer* to be:

- **Valued by customers;**
 - where customers feel that they are well informed and we are considerate of their needs; and
 - we are actively engaging their support for investments.
- **Respected by stakeholders**
 - where stakeholders believe that we operate with trust, integrity and transparency;
 - we are engaged and responsive; and
 - we seek to develop mutually beneficially relationships.

1.3.2.1 Customers

Customers are **all** road users along with developers and local authorities where the purpose of an investment is to unlock development potential.

The *Employer* works with *Suppliers* to build and improve the relationships and engagement with customers by:

- proactively engaging with customers to ensure their views and priorities are reflected in what and how the parties deliver;
- actively engaging customer support;
- ensuring customers are well informed;

- providing easy and appropriate access to us;
- being clear about the performance levels that can be expected from the parties (including what happens where the parties fail to achieve them); and
- routinely assessing the service provided to customers and responding appropriately.

1.3.2.2 Stakeholders

Stakeholders are those organisations or individuals that have an interest or influence on the transport solutions provided (including for example, watchdog functions, environmental organisations, MP's, local authorities, business organisations, campaign groups, neighbours & members of the public impacted by projects, etc).

The *Employer* works with *Suppliers* to build and improve on relationships and engagement with clients and stakeholders by:

- operating with trust, integrity and transparency;
- being engaged and responsive;
- seeking to generate a 'positive pull' from local communities and stakeholders for proposed investments;
- clearly articulating the service and performance they can expect from us (including what happens where we fail to achieve them);
- ensuring that routes of engagement and consultation are clear and appropriate for our range of stakeholders; and
- routinely assessing our service to stakeholders and responding appropriately.

FRAMEWORK CORE OBJECTIVE

We seek organisations that share our passion and belief in collaboration and engagement and are able and willing to develop and engrain those values.

1.3.3 Intelligent Client

The approach to delivery is predicated on a programme approach. The Highways Agency Major Project directorate recognises this is a transformation of its core capabilities. Its aim is to be an intelligent and highly capable programme management organisation within 5 years.

To support this transformation, the Highways Agency is acquiring programme integration capability through a number of existing routes to market and, separate from the Collaborative Delivery Framework, will continue to seek specialist programme delivery knowledge and capability from the supply chain.

1.4 Processes

The *Employer* is making processes much more of an enabler of improved performance. In doing so it is seeking to move;

- ***“from options to outcomes”***
 - Shifting the emphasis of the starting point for solutions;

- from identifying engineering options;
- to a clear understanding of the transport need or problem, and providing solutions which range from operational and / or capital solutions focused on whole life cost.
- Understanding from all where value can be driven and a focus on these areas
- Proportionate level of appraisal of options
- Engage the views of customers and stakeholders
- Clear articulation of what outcomes we are striving to achieve and why we need to achieve them
- **“from design to product”**
 - Shifting design activity from bespoke one off solutions to the integration of standard products and solutions;
 - Central BIM model to integrate delivery - right first time/ early collation of asset information
 - Exploiting similarities in design solutions rather than focusing on the differences
 - Intelligent design - understanding of cost and time effects of design choices
 - Engage tier 2 suppliers early to enable product definition around expertise of equipment and components
 - Specification - DMRB + responsive to innovation
 - Improve workflow through collaborative planning techniques
 - Quality - appropriate adoption of self assurance/ facilitation of the quality in production
 - Risk based approach to determine the depth of analysis and modelling – commercial/ economic/ environmental
 - Reduction of time through the planning process
- **“from construction to production”**
 - to significantly improve the productivity on construction sites;
 - to adopt production based methodology and culture;
 - to maximise opportunities for repeatability;
 - to actively and demonstrably move towards standardisation, modularisation, and off site fabrication;
 - to move construction towards the integration of standard solutions;
 - to reduce waste and dramatically improve quality; and
 - to look for the similarities in construction rather than focusing on the differences.

FRAMEWORK CORE OBJECTIVE

We seek organisations that share our passion and belief in focusing on outcomes, can demonstrate a commitment to product based solutions, and a commitment to dramatically improving development and construction productivity, for example through production based methodology.

1.5 Organisation

Greater effectiveness can be achieved through programmes, rather than individual projects.

The *Employer’s Ambition, Beliefs, and Process Objectives* will be significantly enabled by working in programmes.

This will involve:

- organising work and teams around programmes;

- delivering work across programmes (and therefore working across the traditional project boundaries and indeed redefining what we currently understand to be a project); and
- clustering work by similar type, output, outcome, or skill.

Examples of how a programme approach will help are:

- openly sharing knowledge, within and across programmes;
- co-ordinated interventions on the network; combining both capital and revenue activities;
- smoothing resource demand;
- solving problems once not many times;
- maximising the opportunity for deployment of repeatable solutions through clustering of similar work items ;
- maximising the opportunity for development and retention of knowledge and skills;
- enabling investment research and / or development through for example providing sufficient scale of forward commitment;
- providing a focus for streamlined governance, etc.

FRAMEWORK CORE OBJECTIVE

We seek organisations that can genuinely capture the opportunities offered by a programme approach.

1.6 People

Our approach is to make it easy for all of our people (both Highways Agency and supply chain) to make a greater contribution to our success. To do this we must change our organisational culture to one which *values diversity; motivates and empowers; gives clarity and accountability for decision making; and has pace and buzz which is recognised outside the Highways Agency.*

In achieving our delivery strategy we will change how we are structured, change how we work and change the skills and capabilities that we need to be successful.

Taking the organisation through a period of sustained change will demand significantly more from the Highways Agency and supply chain leaders and managers.

An effective People Strategy is integral part of successfully delivering the ambition. In developing our People Strategy we must ensure congruence between our long term goals, our medium term operational objectives and our individual / personal behaviours and actions. Key areas for the strategy are:

- Leadership development
- Talent and capability
- Culture, empowerment and motivation

We seek to establish a culture of "will do" and innovation, where teams are integrated and roles are filled by the best person for the job. We believe that collaboration will be at the heart of our success and seek suppliers whose people are able to operate successfully within flexible teams.

The Highways Agency wants to work with suppliers who view their people as their most important assets, evidenced by individual and organisational development plans, a willingness to develop capability across organisational boundaries, and the establishment of succession planning regimes.

We want to work with organisations who can demonstrate strong leadership at all levels and who are prepared to invest in developing capability to meet the future needs of the sector.

FRAMEWORK CORE OBJECTIVE

We seek organisations that share our belief that people are a vital component to success and are passionately committed to developing people's skills, behaviour and culture.

2. Behaviours

The right behaviours underpin the whole ethos of the framework contract. The *Employer* wishes to operate with its *Suppliers* in a relationship where:

- both the Employer and the Supplier are responsive to the needs of the other;
- the Parties work together to implement continuous improvement programmes to enhance delivery of schemes;
- objectives, plans and procedures are implemented to the benefit of both Parties; and
- best practice is established and delivered on a continuous basis.

The success of the framework contract and the schemes let under it is dependant upon creating a collaborative culture of success, having the behavioural capabilities to succeed and adopting a pragmatic approach to risk and opportunity management and the management of programme and Project level issues.

The opportunity to be part of the Framework contract represents a major opportunity for suppliers. The *Employer* is seeking to engage organisations who can work collaboratively to set ambitious goals and change paradigms to ensure ambitious goals are achieved.

The *Employer* desires to build not only on his previous successes but very importantly on the *Supplier's* as well. In this relationship the *Employer* encourages the *Supplier* to bring his successes forward in the joint evolution of more efficient and effective behaviours and practices.

In order to achieve success the Parties must together:

- strive to achieve exceptional levels of performance and measure performance against critical success criteria and key performance indicators;
- encourage responsive delivery practices and success-focused processes which continually evolve to deliver better value solutions and which remove wastage;
- deploy invention and innovation to improve standard practices and challenge existing standards of performance;

- pursue practices where design, supply, construction and operational specialists work alongside each other, developing integrated solutions;
- co-locate teams where appropriate and encourage information sharing, communication, concurrent working and a proactive delivery culture;
- share information, communicate openly with each other, continuously feedback lessons learnt, share achievements and enable embedded learning;
- action risk responsibilities and accept responsibility for any potential consequences; and
- develop and deploy consistent processes that effectively manage the Project and the key risks and drive production performance.

The Parties need to ensure that, as between the Parties' respective organisations, the interface works and the Highways Agency's operating model converges with the *Supplier's*, in order to ensure that the Parties achieve success both at a project and business level.

Whilst it is with companies that the *Employer* initially establishes relationships, it is individuals who ensure that those relationships deliver on a day to day basis. It is a key expectation that all people joining a project team will be the best for the task and selected because they are the best, not because they are available. The *Employer* expects them to stay involved and committed to the scheme until completion (or otherwise for the duration of time they are employed by the *Supplier*) and not to be substituted for less experienced or less committed individuals part-way through.

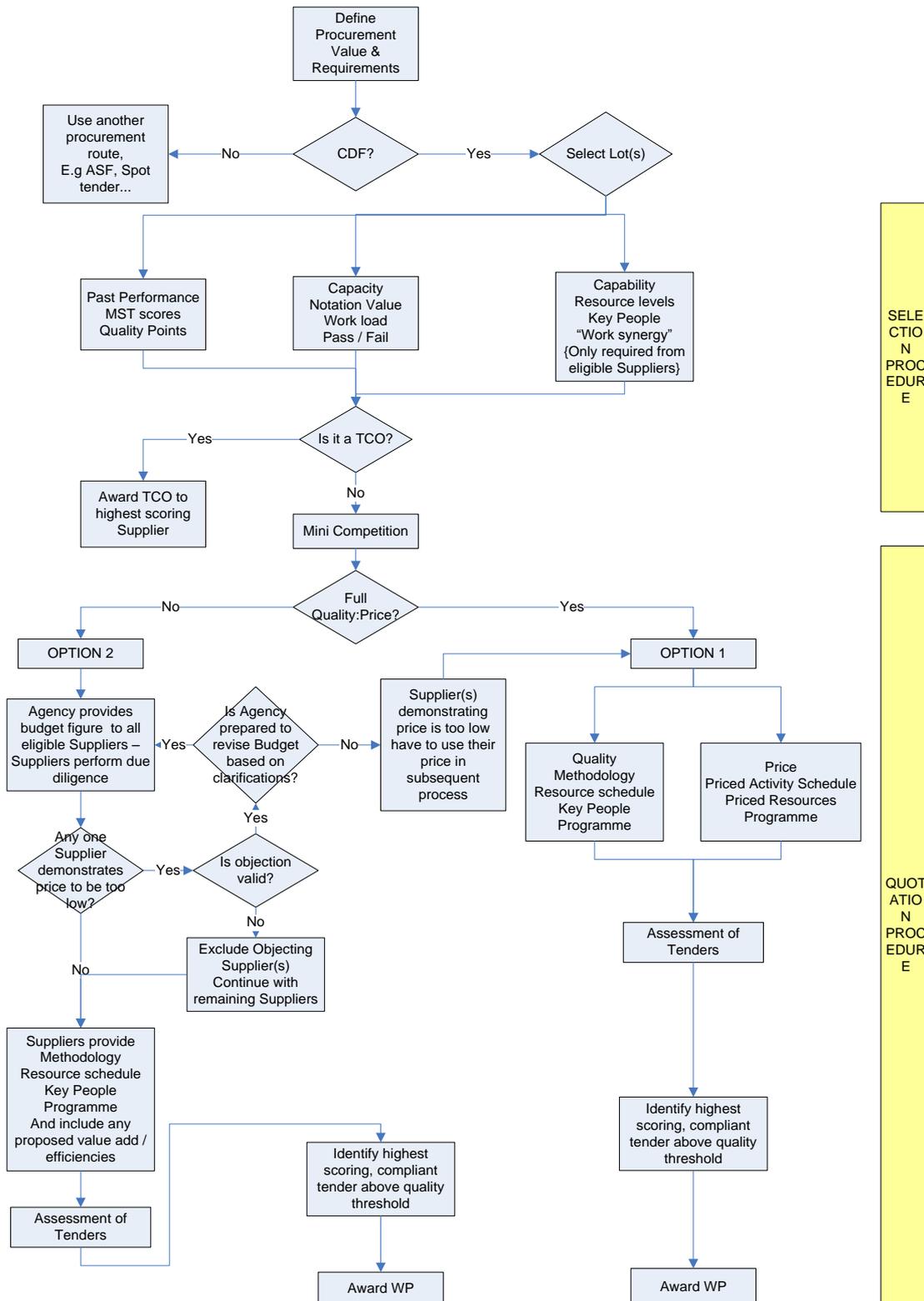
At issue are not just working practices and management approaches, but also attitudes, behaviours and mind-set. The *Employer* expects behaviour from teams and the individuals in them that:

- brings 'can-do, will-do' attitudes;
- champions change through commitment and enthusiasm;
- builds confidence and respect and rewards individual performance as well as team performance;
- builds upon parallel successes in other projects and other industries to bring new ideas and encourage innovation; and
- is supportive and motivates individuals and teams.
- demonstrates commitment to the success of the overall programme
- develops a 'no blame' environment that encourages challenge
- values and rewards investment in building relationships

Individual improvement (not just in functional skills but also in team behavioural skills) must be encouraged and supported through mentoring and coaching and through training both at work and away from it. Individual objectives and targets (be they the objectives and targets of people, teams or companies) need to be set so they are aligned with the requirements of a specific scheme and not in conflict with them.

In selecting individuals for a particular scheme, the *Supplier* will take into account these requirements.

ANNEX 2 – SELECTION OF SUPPLIER FOR PACKAGE ORDER



ANNEX 3 – JOINT VENTURE REQUIREMENTS

Joint ventures can only be formed if the Framework Board states that joint ventures may make submissions for a proposed Package Contract.

Joint ventures can only be formed between *Suppliers* appointed to the framework.

Members of joint ventures will be jointly and severally liable.

Parent Company Guarantees may be required from members of joint ventures

ANNEX 4 – SELECTION OF SUPPLIERS

Annex 4 – Financial Capacity Risk Indicator.

Financial Capacity Statement

A4.0.1 for the purposes of this Annex,

- Consortium Member means an organisation or person which is a member of a Consortium or a Supplier Consortium
- Consortium means a consortium of two or more persons or organisations who together
- i) comprise the *Supplier* by way of an unincorporated joint venture; or
 - ii) comprise all the members of any Incorporated Joint Venture Party which is the *Supplier*.
- Incorporated Joint Venture Party means a company limited by shares, a company limited by guarantee, a limited liability partnership or any other legal entity
- Supplier Consortium means a consortium of two or more *Suppliers* who together comprise the *Supplier* by ways of an unincorporated joint venture

A4.0.2 The *Employer* provides his forecast annual expenditure for the proposed Package Contract, which is used for the application of the tests in this Annex.

- A4.1 *Suppliers*, or where a *Supplier* is a Consortium or Supplier Consortium, all the Consortium Members submits a financial capacity statement which contains the following information;
- forecast annualized spend for each contract and Package Contract which it has with the *Employer* for each year of the proposed Package Contract;
 - the name of the project sponsor/contract manager for those contracts and Package Contracts named above;
 - *Supplier's* annual turnover from *Supplier's* most recent set of independently audited annual accounts (as required by the Companies Act 2006) and the period of those independently audited annual accounts;
 - confirmation that any of its tax returns submitted on or after 1st October 2012 have not been found to be incorrect as a result of:
 - HMRC successfully challenging it under the General Anti-Abuse Rule (GAAR) or the “Halifax” abuse principle; or
 - A tax authority in a jurisdiction in which the *Supplier* is established successfully challenging it under any tax rules or legislation that have an effect equivalent or similar to the GAAR or the “Halifax” abuse principle; or

- The failure of an avoidance scheme which the supplier was involved in and which was, or should have been, notified under the DOTAS or any equivalent or similar regime in a jurisdiction in which the supplier is established; and
- when instructed the quick ratio where for these purposes the “quick ratio” on any date means

$$\frac{A + B + C}{D}$$

where:

- A is the value at the relevant date of all cash in hand and at the bank of the *Supplier* or Consortium Member;
- B is the value of all marketable securities held by the *Supplier* or Consortium Member determined using closing prices on the working day preceding the relevant date;
- C is the value at the relevant date of all account receivables of the *Supplier* or Consortium Member; and
- D Is the value at the relevant date of the current liabilities of the *Supplier* or Consortium Member.

where the relevant date is two days preceding the date specified for returning the financial capacity statement.

Financial Capacity Assessment

- A4.2 A *Supplier*, may not be selected to submit a quotation for a proposed Package Contract if, at the specified return day for the financial capacity statement,
- (if requested) any *Supplier's* or Consortium Member's quick ratio is less than 1, or
 - any *Supplier's* or Consortium Member's Dunn and Bradstreet Risk Indicator is not 1, 2 or 3; or
 - the maximum forecast annual expenditure of the Package Contract would
 - exceed ¼ of any *Supplier's* annual turnover from that *Supplier's* most recent set of annual accounts where the *Supplier* is not a Consortium or Supplier Consortium; or
 - exceed 5/12 of a Consortium Member's annual turnover from that Consortium Member's most recent set of annual accounts where the *Supplier* is an Consortium or a Supplier Consortium; or

- for a *Supplier* (which is not a Consortium or Supplier Consortium) the forecast total annual expenditure by *Employer* on all contracts and the proposed Package Contract between the *Employer* and the *Supplier* during any point of the term/contract period of the proposed Package Contract is more than 60% of the *Supplier's* annual turnover from the *Supplier's* most recent set of annual accounts; or
- for a *Supplier* (which is a Consortium or Supplier Consortium) the forecast total annual expenditure by *Employer* on all contracts and the proposed Package Contract between the *Employer* and any Consortium Member during any point of the term/contract period of the proposed Package Contract is more than 72% of any Consortium Member's annual turnover from any Consortium Member's most recent set of annual accounts or
- any set of any *Supplier's* accounts or a Consortium Member's accounts (where the *Supplier* is a Consortium or Supplier Consortium) since 1st October 2012 have been
 - successfully challenged by HMRC under the General Anti-Abuse Rule (GAAR) or the "Halifax" abuse principle, an Occasion Of Non Compliance (OONC); or
 - successfully challenged by a tax authority in a jurisdiction in which the *Supplier* or Consortium Member is established under any tax rules or legislation that have an effect equivalent or similar to the GAAR or the "Halifax" abuse principle, an OONC; or
- since 1st October 2012 any *Supplier* or Consortium Member (where the *Supplier* is a Consortium or Supplier Consortium) has been involved in a failed avoidance scheme and which was, or should have been, notified under the DOTAS or any equivalent or similar regime in a jurisdiction in which the *Supplier* is established, OONC.

A4.3 If any *Supplier* or Consortium Member (where the *Supplier* is a Consortium or Supplier Consortium) fails the above, the Framework Board may

- request a mitigation statement on how the financial capacity risk will be mitigated. The *Employer* will assess the mitigation statement. A reason for rejecting the mitigation statement is
 - that the proposed mitigation does not provide a parent guarantee in the form in the Framework Information; or
 - the proposed Parent Company Guarantor fails the financial capacity test (see Appendix 1 to this Annex); or
 - since the Occasion Of Non Compliance (OONC) in the *Supplier's* account the *Supplier*,
 - does not have an appropriate corrective action plan to address the Occasion Of Non Compliance; or
 - has not demonstrated adequate progress in delivering the corrective action plan since Occasion Of Non Compliance; or
 - is a mandatory ground for rejection under Regulation 23 of the Public Contract Regulations 2006 or any replacement; or

- request the *Supplier* or the Consortium Member to provide an alternative Guarantor with an another form of on demand guarantee both of which are acceptable to the *Employer*, or
- recommend to this framework's Procurement Officer that the *Supplier* is invited to submit a quotation if
 - the *Supplier's* or Consortium Member's Dun and Bradstreet Risk indicator has not been reduced since the date of award of the framework contract and
 - the impact of the *Supplier's* or Consortium Member's financial failure on the *Employer* is a low risk.

A4.4 Following the Framework Board's request for a mitigation statement, if

- the *Employer* rejects the mitigation statement; or
- any *Supplier* or Consortium Member (where the *Supplier* is a Consortium or Supplier Consortium) does not provide either
 - an alternative Guarantor that does not fail the financial capacity test (see Appendix 1 to this Annex); or
 - an acceptable alternative form of on demand guarantee;

then the *Supplier* is not invited to submit a quotation for the proposed Package Contract.

Inaccurate financial capacity statement

A4.5 Without prejudice to paragraph A4.6, if any information in any *Supplier's* or Consortium Member's (where the *Supplier* is a Consortium or Supplier Consortium) financial capacity statement is incorrect in anyway then the *Employer* may

- terminate the framework contract with the *Supplier*; or
- where the *Supplier* is a Consortium terminate the framework contract with that *Supplier* or
- where the *Supplier* is a Supplier Consortium terminate the framework contract with any individual Consortium Member forming that Supplier Consortium.

If the *Employer* does not terminate the framework contract the *Employer* will not invite the *Supplier* to submit further quotations until the Framework Board is assured that the *Supplier* or Consortium Member can provide future financial capacity statements accurately

A4.6 Without prejudice to paragraph A4.5, the *Employer* may if any information in any *Supplier's* or Consortium Member's (where the *Supplier* is a Consortium or Supplier Consortium) financial capacity statement is incorrect in anyway;

- exclude the *Supplier* from the quotation procedure for the proposed Package Contract and consider another *Supplier* for the award of the proposed Package Contract; or

- if the Package Contract has been awarded terminate the Package Contract.

Appendix 1 Tests applied to the Proposed Guarantor

If the *Supplier* or Consortium Member is proposing as a mitigation measure a parent company guarantee then the following tests will be applied and the proposed Guarantor will need to pass all tests. If the proposed Guarantor does not pass any test then the *Supplier* is not invited to submit a quotation.

The proposed Guarantor must warrant to the *Employer* that any information provided is accurate and correct.

If a *Supplier* or Consortium Member nominates as the proposed Guarantor a bank (or similar financial institution) of good reputational standing acceptable to the *Employer* (and confirmed by the framework's Procurement Officer as being of good reputational standing acceptable to the *Employer*) then the *Supplier* and the proposed Guarantor do not need to confirm the following information and the proposed Guarantor is deemed to pass the tests.

Measures to promote tax compliance

The proposed Guarantor must complete the following table A4.1.

If the proposed Guarantor respond 'yes' to the tax compliance questions below (i.e. they declare that they have had an Occasion Of Non Compliance (OONC) (see Table D1) then the *Employer* may decide to exclude them on this basis. Any such decision is at the discretion of the *Employer* on the basis that the tax compliance provisions are discretionary exclusion criteria under the Public Contract Regulations 2006 as amended, the Regulations. The *Employer* will use its judgement in reaching any decision on whether or not to accept the proposed Guarantor as a guarantor. If the *Employer* does not accept the proposed Guarantor then the *Supplier* will not be invited to submit a quotation.

However, it should be noted that if an OONC also falls within the mandatory exclusion criteria under the Regulations then the *Employer* will not accept the proposed Guarantor as a guarantor and the *Supplier* will not be invited to submit a quotation

Please state 'Yes' or 'No' to each question.

Proposed Parent Company must state if any of its tax returns submitted on or after 1st October 2012:	<u>Answer</u>
Has given rise to a criminal conviction for tax related offences which is unspent, or to a civil penalty for fraud or evasion and/or	
Has been found to be incorrect as a result of: <ul style="list-style-type: none"> • HMRC successfully challenging it under the General Anti-Abuse Rule (GAAR) or the "Halifax" abuse principle; or • A tax authority in a jurisdiction in which the 	

<p>supplier is established successfully challenging it under any tax rules or legislation that have an effect equivalent or similar to the GAAR or the “Halifax” abuse principle; or</p> <ul style="list-style-type: none"> • The failure of an avoidance scheme which the supplier was involved in and which was, or should have been, notified under the DOTAS or any equivalent or similar regime in a jurisdiction in which the supplier is established. 	
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Table A4.1

If answering “yes” to either of the questions above, the proposed Guarantor may provide details of any mitigating factors that it considers relevant and that it wishes the *Employer* to take into consideration. This could include, for example:

- Corrective action undertaken by the proposed Parent Company to date;
- Planned corrective action to be taken;
- Changes in personnel or ownership since the OONC; or
- Changes in financial, accounting, audit or management procedures since the OONC.

In order to consider any factors raised by the proposed Guarantor the *Employer* will find it helpful to have the following information:

- A brief description of the occasion, the tax to which it applied, and the type of “non-compliance” e.g. whether HMRC or the foreign tax authority has challenged pursuant to the GAAR, the “Halifax” abuse principle etc.
- Where the OONC relates to a DOTAS, the number of the relevant scheme.
- The date of the original “non-compliance” and the date of any judgement against the Guarantor, or date when the return was amended.

The level of any penalty or criminal conviction applied.

If an OONC is not within the mandatory exclusion criteria then the *Employer* may use discretion in relation to how to respond to an OONC. The acceptability of mitigating factors needs to be set against the particular context and nature of the OONC that is certified. The following are examples of mitigating factors which may be taken into account:

- Since the transactions were entered into which gave rise to the OONC, the Guarantor senior management, or key senior personnel with responsibility for tax matters, have changed and the new personnel have stated to the contracting authority that they will not engage in similar tax avoidance;
- The Guarantor’s overall policy concerning tax planning has changed to become more in line with government objectives regarding tax avoidance;

- The OONC was an isolated one and there is no indication that the business generally adopts an “aggressive” tax stance;

Economic and Financial Standing

The *Employer* may use different sources of information as part of the evaluation process;

- the proposed Guarantor is required to provide the financial information described in a) to d) below;

NOTE If this information is not available in an audited format please provide an end of period balance sheet or make the response specified at c).

FINANCIAL INFORMATION	
	<p>Please provide one of the following information set out below:</p> <p>(please indicate which one by ticking the relevant box)</p>
	<p>a) A copy of your audited accounts for the most recent two years (if not available, then the unaudited accounts will be accepted).</p>
	<p>b) <i>A statement of your turnover, profit & loss account and cash flow for the most recent year of trading</i></p>
	<p>c) <i>A statement of your cash flow forecast for the current year and a bank letter outlining the current cash and credit position</i></p>
	<p>d) <i>Alternative means of demonstrating financial status if trading for less than a year</i></p>

Evaluation of the financial information provided above

The following financial indicators are used to assess the proposed Guarantor’s suitability and stability to determine if they pass financial assessment

Information taken from accounts:

A. The Current Ratio (Current Assets/Current Liabilities). This indicates whether or not a business has sufficient liquid assets e.g. cash, short term debtors and stock to meet its outstanding current liabilities e.g. trade creditors, bank overdraft, lease payments, interest due.

- A current ratio of less than 0.8 is a FAIL, unless there are mitigating factors

The financial evaluation process is designed to take an informed view of a proposed Guarantor's financial status in the context of the country, market and category the candidate sits within, rather than simply applying arbitrary rules or ratios.

For this reason there may be a number of mitigating factors that would result in a FAIL marking being changed to a PASS.

It is not possible to list here every mitigating factor that may be considered on discrete basis; However, examples of mitigating factors could include a Loss before Tax failure, where the candidate has engaged in extensive or long term research and development, capital investment or expansion through acquisition, where all other aspects of the proposed Guarantor's performance indicate that the company is in a sound financial position

B. Total Liabilities/Shareholder Funds ratio is a basic test of the proposed Guarantor's solvency.

- A total liabilities/shareholder funds ratio of more than 4 is a FAIL.
- If both of the above ratios have a FAIL score, then the overall financial assessment score is a FAIL.

C. Profit/Loss before Tax

- i). Pre-tax loss of more than 50% of net assets is a FAIL
- ii). Pre-tax loss of more than 5% turnover and pre-tax loss for 3 years is a FAIL.

D. The Annualised Contract Value/Turnover ("CVT") Calculation indicates whether a business runs the risk of overtrading and short term insolvency. This is an analysis of the size of the proposed annual contract relative to the annual supplier turnover.

- If the annualised Package Contract value exceeds 25% of the proposed Guarantor turnover this is a FAIL,
- If the proposed Package Contract value has a range then the mid-point range is taken for comparison purposes.

E. If the proposed Guarantor has provided other guarantees (or is in the process of providing new or additional guarantees) to the *Employer* on other contracts or Package Contracts, the proposed Guarantor confirms the forecast Annualised Contract Value/Turnover ("CVT") of all those guarantee contracts and Package Contracts (and those new or additional guarantees in process of being given)

including the proposed Package Contract across the duration of the proposed Package Contract.

- If the total value of the forecast annualised contract value/turnover for all those guarantee contracts (and those new or additional guarantees in process of being given) including the proposed Package Contract exceeds 80% of the proposed Parent Company turnover (from the latest set of annual accounts) during any annual period of the proposed Package Contract this is a FAIL.

D&B information

- F. D&B Comprehensive report: D&B Scores and Ratings are produced using a combination of mathematical modelling, expert rules, skilled business analysis and many years of experience of insolvency trends. D&B carefully analyse all business failures, and compare them with the normal population of actively trading companies, to identify those events which are most significant and predictive in nature, and which could affect the status of a business.
- G. D&B Risk Indicator: The indicator is based on daily monitoring of both the company's financial and other key strategic activities, and is therefore reflective of the company's current financial status. The D&B Risk indicator is the Failure Score (see below), combined with expert rules to generate a Risk Indicator from 1 to 4, Where 1 is minimum risk and 4 is High Risk. A D&B risk indicator of 4 is a FAIL
- H. D&B Failure Score: The D&B Failure Score is a relative measure of risk from 1 to 100, where '1' represents organisations that have the highest probability of failure in the next 12 months and '100' the lowest probability of failure.
- I. D&B Delinquency Indicator: Score: Predicts the likelihood that an organisation will pay its bills in a severely delinquent manner over the next 12 months. "Delinquency" is defined as an organisation that, according to Trade Experiences collected by D&B, has paid less than 75% of Trade Experiences within terms and more than 10% paid 90+ days late.

Table 2 – Capability

	Does the <i>Supplier</i> have sufficient people, equipment and material sourcing to fulfil the needs of the proposed work?	Mark
Weak	The available people resources are considered to have unsatisfactory levels of training, skill or experience. Proposals for provision of equipment and materials resources are inadequate. There is no evidence that the <i>key people</i> proposed will be available for the duration of this Package Contract	1-3
Fair	The available people resources are considered to have just sufficiently adequate levels of training, skill or experience. Proposals for provision of equipment and materials resources are adequate.	4-5
Good	The available people resources are considered to have satisfactory levels of training, skill or experience. Proposals for provision of equipment and materials resources are adequate. There is evidence that the resources will be available when required.	6-7
Very Good	The available people resources are considered to have excellent levels of training, skill or experience. There is evidence that they have directly relevant experience for the scheme. Proposals for provision of equipment and materials resources are robust and include evidence that contingency plans are in place. There is confidence that the Package Contract will be delivered on time and within budget.	8-9
Excellent	The available people resources are considered to have excellent levels of training, skill or experience directly relevant to the scheme. Proposals for provision of equipment and materials resources are robust and include evidence that contingency plans are in place. There is a high degree of confidence that the scheme will be delivered on time and within budget. There is clear evidence that the <i>key people</i> proposed will be available for the duration of this Package Contract	10

Table 3 – Assessment of methodology

	How well do the proposals meet the contract requirements and demonstrate an understanding of the risks to the work?	Mark
Weak	The approach has not considered fully the requirements of the Work Package and fails to demonstrate appropriate cost and risk control. There is no evidence that the <i>key people</i> proposed will be available for the duration of this Package Contract.	1-3
Fair	The proposed resources and programme are just sufficient for the methodology described, and risk management procedures are fair.	4-5
Good	The proposals show a well thought out balance between the resources required to carry out the work and the resources and approach proposed to mitigate the risks to the work.	6-7
Very Good	The proposals include specific Package Contract initiatives which give a high degree of confidence that the Package Contract will be completed within the time and budget constraints and will mitigate risks. There is strong evidence of the adoption of a collaborative approach.	8-9
Excellent	The proposals include highly innovative and specific Package Contract initiatives which give a high degree of confidence that the Package Contract will be completed within the time and budget constraints and will minimise risks, by clearly evidencing how collaborative working will be used to achieve these objectives. There is clear evidence that the <i>key people</i> proposed will be available for the duration of this Package Contract.	10

Table 4 – Marking the Methodology Statement

The *Employer* completes the following table for each Work Package as part of the brief.

Work Package Activity	Description	Weighting
1	<i>[Describe categories of work against which methodology will be assessed]</i>	
2		
3		
4		
5		
6		
	Total mark	
	Score (mark x 100 / [n]) <i>[replace divisor by 10 x number of categories used]</i>	

Annex 5 – Additional Contract Data for Work Package

Additional Contract Data - Time Charge Orders let under the NEC Professional Services Contract

Part one – Data provided by the *Employer*

1 General

- The additional *conditions of contract* are the clauses for secondary Options [X1, X2, X5, X6, X7, X8, X12, X18, X20] of the NEC3 Professional Services Contract (April 2013), together with the Z clauses in Appendix B to the framework Contract Data numbered Z23, Z24, Z25, [Z27], [Z42, Z46], Z47, Z51, Z52 and Z53.

[Notes:

- (i) Compiler to specify which X options and which of the Z clauses in Appendix B will apply to the Time Charge Order. No further additional clauses or other changes to the conditions of contract should be made unless agreed by the contract policy owner.*
- (ii) Guidance should be sought from the contract policy owner regarding use of X1 and X2. Option X2 must not be included if Option X1 is included. Note that, if it is desired generally to place the risk of changes in law (including rates of taxation) in relation to a Time Charge Order with the Consultant, Option X2 should not be included.*
- (iii) Option X18 should only be included with the approval of the Commercial and Procurement Directors.]*

- The *Employer* is
Name:.....
.....
Address:.....
.....
.....

- The Programme comprises *[if applicable]*
.....
- The services are
- The additional Scope is in
- The following matters will be included in the Risk Register
.....
.....
.....

2 The Parties' main responsibilities

- The *Employer* provides access to the following persons, places and things
access to *access date*
.....

3 Time

- *The starting date* is

- The *completion date* for the whole of the services is

8 Indemnity, insurance and liability The amounts of insurance and the periods for which the *Consultant* maintains insurance are

event	cover	period
--------------	--------------	---------------

failure of the <i>Consultant</i> to use the skill and care normally used by professionals providing services similar to the <i>services</i>	The minimum limit of indemnity is £.....(xx million) in respect of any one claim without limit to the number of claims in any annual policy period but £..... (xx million) in respect of any one claim and in the aggregate per annum for liability arising out of pollution or contamination (to the extent insured by the relevant policy) and £..... (xx million) in respect of any one claim and in the aggregate per annum in respect of liability arising out of asbestos (to the extent insured by the relevant policy)	from the <i>starting date</i> until 12 years following completion of the whole of the <i>services</i> or earlier termination
---------------------------------------------------------------------------------------------------------------------------------------------	---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	------------------------------------------------------------------------------------------------------------------------------

[Note: Compiler should review the level of professional indemnity insurance required as part of the minimum insurance requirement by reference to the insurable risk profile of the requirement in question. In relation to this class of insurance this would be in connection with a potential incurred legal liability of the Consultant causing a financial loss as a result of breach of professional duty. The optimum position is for insurance limits of indemnity to be agreed commensurate with the potential losses that could occur in relation to the insured risk, the subject matter of the requirement]

death of or bodily injury to a person (not an employee of the *Consultant*) or loss of or damage to property resulting from an action or failure to take action by the *Consultant*

The minimum limit of indemnity is £.....(xx million) in respect of any one occurrence without limit to the number of occurrences in any annual policy period but £..... (xx million) in respect of any one occurrence and in the aggregate per annum in respect of liability arising out of products and pollution or contamination (to the extent insured by the relevant policy).

from the *starting date* until all notified Defects have been corrected or earlier termination

[Note: Compiler should review the level of third party liability insurance required as part of the minimum insurance requirement by reference to the insurable risk profile of the requirement in question. In relation to this class of insurance this would be in connection with a potential incurred legal liability of the Consultant causing third party (including Highways England as third party) death / bodily injury and / or damage to third party property. The optimum position is for insurance limits of indemnity to be agreed commensurate with the potential losses that could occur in relation to the insured risk, the subject matter of the requirement.]

death of or bodily injury to employees of the <i>Consultant</i> arising out of and in the course of their employment in connection with this contract	The minimum limit of indemnity for insurance in respect of death of or bodily injury to employees of the <i>Consultant</i> arising out of and in the course of their employment in connection with this contract is £10,000,000 (ten million) in respect of any one occurrence without limit to the number of occurrences in any annual policy period or as required by statute whichever is the higher	from the <i>starting date</i> until all notified Defects have been corrected or earlier termination
-------------------------------------------------------------------------------------------------------------------------------------------------------	---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	-----------------------------------------------------------------------------------------------------

[Note: Compiler to specify required indemnity level for each type of insurance. The levels specified must normally fall within the applicable range listed in the table below. If (exceptionally) a higher level of insurance is considered necessary for a particular Time Charge Order, the compiler should consult the contract policy owner before confirming the higher figure. The levels of insurance should take into account the requirements of third parties where appropriate.]

Note from insurance advisors: [Note: It should be noted and understood that the insurance market does not provide professional indemnity insurance in a consistent or uniform manner. There is no single prevailing United Kingdom insurance market policy wording and as such each insurer offering and wording is different. This variability is also reflected in the structure of professional indemnity insurance limits of indemnity where insured's procure both any one claim, the number of claims being unlimited in any annual policy period and any one claim and in the annual aggregate. In the model CDF contract form above the limit of indemnity reflects an "any one claim" structure but this may not be available from all consultants on all occasions. Contract specific insurance is unusual in the United Kingdom insurance market and it is generally the case that consultants will seek to meet their contractual insurance obligations through use of their existing insurance arrangements. Such arrangements normally manifest themselves in an annually renewable professional indemnity insurance programme covering the whole of the consultant's professional services / business activities. As a consequence if the Consultant's professional indemnity insurance programme is written on an annual aggregate basis it will be difficult for the Consultant to comply with any one claim requirement and it will not be possible for them to do so under an annual aggregate policy wording.]

Type of insurance	Range – Lot 1	Range – Lot 2	Range – Lot 3A	Range – Lot 3B
<i>Failure to use skill and care</i>	<i>£1m to £10m</i>	<i>£1m to £5m</i>	<i>£5m to £10m</i>	<i>£10m to £20m</i>
<i>Injury to non-employees and damage to property</i>	<i>£1m to £10m</i>	<i>£5m to £20m</i>	<i>£10m to £50m</i>	<i>£10m to £50m</i>

- The *Consultant* provides these additional insurances
Insurance against
- Cover is
- Period of cover
- Deductibles are

- The *Consultant's* total liability to the *Employer* for all matters arising under or in connection with this contract, other than the excluded matters, is limited to

[Include this entry only if approved by the Commercial and Procurement Directors, who must also approve the limit of liability to be inserted.]

- Option X5** *[if used]*
- The *completion date* for each *section* of the *services* is
- | <i>section</i> | <i>description</i> | <i>completion date</i> |
|----------------|--------------------|------------------------|
| 1 | | |
| 2 | | |
| 3 | | |
| 4 | | |

- Option X6** *[if used and X5 is used]*
- The *bonus* for each *section* of the *services* is
- | <i>section</i> | <i>description</i> | <i>amount per day</i> |
|----------------------------------------|--------------------|-----------------------|
| 1 | | |
| 2 | | |
| 3 | | |
| 4 | | |
| Remainder of the <i>services</i> | | |

- Option X7** *[if used and X5 is used]*
- Delay damages* for each *section* of the *services* are
- | <i>section</i> | <i>description</i> | <i>amount per day</i> |
|----------------------------------------|--------------------|-----------------------|
| 1 | | |
| 2 | | |
| 3 | | |
| 4 | | |
| Remainder of the <i>services</i> | | |

- Option X6** *[if used and X5 is not used]*
- The *bonus* for the whole of the *services* is per day.

- Option X7** *[if used and X5 is not used]*
- Delay damages* for Completion of the whole of the *services* are
 - per day.

- Option X12** *[if used]*
- The *Client* is Highways England Company Limited, Bridge House, 1 Walnut Tree Close, Guildford, Surrey GU1 4LZ .

- The *Client's objective* is
-
-
-
-

- The Partnering Information is in.....
.....
.....
.....

- Option X18** *[if used]*
- The *Consultant's* liability to the *Employer* for indirect and consequential loss is limited to
 - The *Consultant's* liability to the *Employer* for Defects that are not found until after the *defects date* is limited to
 - The *end of liability date* is years after Completion of the whole of the *services*.
[The limits of liability to be inserted (if any) must be approved by the Commercial and Procurement Directors.]

- Option X20** *[if used]*
- The *incentive schedule* for Key Performance Indicators is in
 - A report of performance against each Key Performance Indicator is provided at intervals of months

Part two – Data provided by the *Consultant*

- The *Consultant* is
Name.....
.....
Address:¹.....
.....
.....
- The key people are
(1) Name:
Job:
Responsibilities:
Qualifications:
Experience:

(2) Name:
Job:
Responsibilities:
Qualifications:
Experience
- The programme identified in the Contract Data is

¹ Note: If the Contractor is a joint venture, the name and address of each participant should be inserted.

[Applies if a programme is to be identified in the Contract Data]

- The following matters will be included in the Risk Register

-
- The *named suppliers* are
 - The *staff rates* (for Lots 2, 3a & 3b) (if different from those referred to in the framework Contract Data) are:

name / designation	rate
.....

Additional Contract Data - Time Charge Orders let under the NEC Professional Services Short Contract

Part one – Data provided by the *Client*

- The *Client* is
Name.....
.....
Address.....
.....
.....
- The Programme comprises *[if applicable]*.....
.....
- The *services* are
- *The starting date* is
- *The completion date* is
- The delay damages for late Completion are..... per day.

The *Consultant* provides the following insurance cover

event	cover	period
failure of the <i>Consultant</i> to use the skill and care normally used by professionals providing services similar to the <i>services</i>	£..... any one occurrence and in the aggregate in any one annual period of insurance, with at least one automatic reinstatement	from the <i>starting date</i> until 12 years following Completion or earlier termination
death of or bodily injury to a person (not an employee of the <i>Consultant</i>) or loss of or damage to property resulting from an action or failure to take action by the <i>Consultant</i>	£..... any one occurrence, without limit to the number of occurrences (except for claims arising out of pollution or contamination, where the minimum amount of cover applies in the aggregate in any one annual period of insurance)	from the <i>starting date</i> until all notified Defects have been corrected or earlier termination
death of or bodily injury to employees of the <i>Consultant</i> arising out of and in the course of their employment in connection with this contract	£10,000,000 any one occurrence or as required by statute whichever is the higher, without limit to the number of occurrences	from the <i>starting date</i> until all notified Defects have been corrected or earlier termination

[Note: Compiler to specify required indemnity level for each type of insurance. The levels specified must normally fall within the applicable range listed in the table below. If (exceptionally) a higher level of insurance is considered necessary for a particular Time Charge Order, the compiler should consult the contract policy owner before confirming the higher figure. The levels of insurance should take into account the requirements of third parties where appropriate.]

Type of insurance	Range – Lot 1	Range – Lot 2	Range – Lot 3A	Range – Lot 3B
<i>Failure to use skill and care</i>	£1m to £10m	£1m to £5m	£5m to £10m	£10m to £20m
<i>Injury to non-employees and damage to property</i>	£1m to £10m	£5m to £20m	£10m to £50m	£10m to £50m

- The *Consultant's* total liability to the *Client* for matters for which insurance is provided is limited to
- The *Consultant's* total liability to the *Client* for all other matters is limited to

[Include these entries only if approved by the Commercial and Procurement Directors, who must also approve the limits of liability to be inserted.]

- The additional *conditions of contract* are the Z clauses in Appendix C to the framework Contract Data numbered [Z23,] Z24, [Z27, Z42], Z48, Z51 and Z53.
- The additional Scope is in

[Note: This needs to include, as appropriate: (i) Purpose of the services; (ii) Description of the services; (iii) Existing information; (iv) Specifications and standards; (v) Constraints on how the Consultant is to Provide the Services; (vi) Requirements for the programme; and (vii) Information and other things provided by the Client.]

Part two – Data provided by the *Consultant*

- The *Consultant* is
Name.....
.....
Address:².....
.....
.....

- The key people are
 - 1.Name:
Job:
Responsibilities:
Qualifications:
Experience:

 - 2.Name:
Job:
Responsibilities:
Qualifications:
Experience:

- The *named suppliers* are

² Note: If the Contractor is a joint venture, the name and address of each participant should be inserted.

Additional Contract Data - Package Orders let under the ECC Engineering and Construction Contract

Part one – Data provided by the *Employer*

1 General

- The additional *conditions of contract* are the clauses for main Option [A/B/C/D] and secondary Options [X1, X2, X5, X6, X7, X12, X15, X18, X20] of the NEC3 Engineering and Construction Contract (April 2013), together with [clause Z22 in Appendix A to the framework Contract Data and] the Z clauses in Appendix D to the framework Contract Data numbered Z23, Z24, Z25, [Z26, Z27,] Z28, [Z29, Z30,] Z31, [Z32,] Z33, Z34, Z35, Z36, Z37.1, Z37.2, Z37.3, Z37.4 [Z37.5, Z37.6, Z37.7], Z37.8 Z39, Z40, Z41, Z42, Z43, Z44, Z45], Z51, Z53 [Z54, Z55, Z56, Z57, Z59, Z60, Z61 and Z62].

[Notes:

- (i) *Compiler to specify which X options and which of the Z clauses in Appendix D will apply to the Package Order. No further additional clauses or other changes to the conditions of contract should be made unless agreed by the contract policy owner.*
- (ii) *Guidance should be sought from the contract policy owner regarding use of X1 and X2. Option X2 must not be included if Option X1 is included. Note that, if it is desired generally to place the risk of changes in law (including rates of taxation) in relation to a Package Order with the Contractor, Option X2 should not be included.*
- (iii) *Option X18 should only be included with the approval of the Commercial and Procurement Directors.*
- (iv) *For Option Z37, the Shorter Schedule of Cost Components can be used for an ECC Option C in accordance with clause 63.15. Z37.5, 37.6 and 37.7 are to be used where the Working Areas overhead is to be treated as a lump sum. All three Z clauses must be used in this case and cannot be used separately. Also note that Z37.8 is mandatory.*
- (v) *Options Z39 and Z40 are mutually exclusive and Z39 should not be included if Z40 is used.]*

- The *Employer* is
Name.....
.....
Address.....
.....
.....
 - The Programme comprises *[if applicable]*
.....
 - The *works* are
 - The *Project Manager* is
Name.....
Address.....
.....
 - The *Supervisor* is
Name.....
Address.....
.....
 - The additional Works Information is in.....
.....
.....
 - The Site Information is in.....
.....
.....
 - The *boundaries of the site* are.....
 - The following matters will be included in the Risk Register
.....
.....
.....
 - These are additional *Employer's* risks
.....
.....
- [Only insert additional Employer's risks following agreement from the CWG. If there are no additional risks delete this section]*

3 Time

- The *starting date* is.....
[allow sufficient time for planning and preparation before the construction phase]

- The *access dates* are

Part of the Site

Date

1.....

.....

2.....

.....

3.....

.....

- The *completion date* for the whole of the *works* is.....
- The *Employer* is willing to take over the *works* before the Completion Date.

*[Include if required. Note that this statement **must** be included if Option X6 is used.]*

4 Testing and Defects

- The *defect correction period* is 4 weeks except that
The *defect correction period* for.....isweeks
The *defect correction period* for.....isweeks.

5 Payment

Note: Where clause Z57 applies, no entry is needed here. The *Contractor's share* is fully described in clause Z57.10 (Programme gain) and clause Z57.14 and the table accompanying it (Programme pain). Where clause Z57 no longer applies (see Z57.17) and Z54.2 therefore becomes operative, the *Contractor's share percentages* and the *share ranges* are

<i>share range</i>	<i>Contractor's share percentage</i>
Less than 90%	[X%]
from 90 to 100%	[X%]
from 100% to 105%	[X%]
from 105% to 110%	[X%]
from 110% to 120%	[X%] ³
greater than 120%	[X%] ⁴

6. Compensation events

- The place where weather is to be recorded is
- The *weather measurements* to be recorded for each calendar month are
 - the cumulative rainfall (mm)
 - the number of days with rainfall more than 5 mm
 - the number of days with minimum air temperature less than 0 degrees Celsius
 - the number of days with snow lying at hours GMT
 - and these measurements:
.....
.....
- The *weather measurements* are supplied by.....

³ Subject to the cap in clause 53.4 (see Z54.2).

⁴ Subject to the cap in clause 53.4 (see Z54.2).

- The *weather data* are the records of past *weather measurements* for each calendar month

which were recorded at.....
and which are available from

.....

8. Risks and insurance

The minimum limit of indemnity for insurance in respect of loss of or damage to property (except the *works*, Plant and Materials and Equipment) and liability for bodily injury to or death of a person (not an employee of the *Contractor*) caused by activity in connection with this contract is £.....(X million) in respect of any one occurrence, without limit to the number of occurrences in any annual policy period but £.....(X million) in respect of any one occurrence and in the aggregate per annum in respect of liability arising out of products and pollution or contamination, (to the extent insured by the relevant policy)

The *Contractor* maintains this insurance from the *starting date* until all notified Defects have been corrected or earlier termination

[Note: Compiler should review the level of third party liability insurance required as part of the minimum insurance requirement by reference to the insurable risk profile of the requirement in question. In relation to this class of insurance this would be in connection with a potential incurred legal liability of the Contractor causing third party (including Highways England as third party) death / bodily injury and / or damage to third party property. The optimum position is for insurance limits of indemnity to be agreed commensurate with the potential losses that could occur in relation to the insured risk, the subject matter of the requirement.]

The minimum limit of indemnity for insurance in respect of death of or bodily injury to employees of the *Contractor* arising out of and in the course of their employment in connection with this contract is £10,000,000 (ten million) in respect of any one occurrence without limit to the number of occurrences in any annual policy period or as required by statute whichever is the higher.

The *Contractor* maintains this insurance from the *starting date* until all notified Defects have been corrected or earlier termination

For any work over, under or in the vicinity of a railway the minimum limit of indemnity for insurance in respect of loss of or damage to property (except the *works*, Plant and Materials and Equipment) and liability for bodily injury to or death of a person (not an employee of the *Contractor*) caused by activity in connection with this contract is £.....(xx million) in respect of any one occurrence without limit to the number of occurrences in any annual policy period but £..... (xx million) any one occurrence and in the aggregate per annum in respect of liability arising out of products and pollution or contamination (to the extent insured by the relevant policy) and Network rail are to be a joint party.

The *Contractor* maintains this insurance from the *starting date* until all

notified Defects have been corrected or earlier termination

[Note: Add the above words where extra insurance is required for works which are over, under or in the vicinity of a railway]

The insurance against loss of or damage to the *works*, Plant and Materials is to include cover for Plant and Materials provided by the *Employer* for the reinstatement value or replacement cost of the relevant insured property.

The *Contractor* maintains this insurance from the *starting date* until all notified Defects have been corrected or earlier termination *[Note: Include above words if Employer is to provide any Plant or Materials]*

The *Contractor* provides additional insurance against claims made against the *Contractor* arising out of his failure to use the skill and care normally used by professionals providing services similar to those included in the *works*.

The minimum limit of indemnity is £..... (xx million) in respect of any one claim without limit to the number of claims in any annual policy period but £...(xx million) in respect of any one claim and in the aggregate per annum for liability arising out of pollution or contamination (to the extent insured by the relevant policy) and £..... (xx million) any one claim and in the aggregate per annum in respect of liability arising out of asbestos (to the extent insured by the relevant policy).

The *Contractor* maintains this insurance from the *starting date* until twelve years following Completion of the whole of the *works* or earlier termination.

In addition, by law a *Contractor* has to hold:

Employers Liability Insurance with a limit of indemnity of £10,000,000 (ten million pounds) any one occurrence the number of occurrences being unlimited in any annual policy period or as required by statute whichever is the higher.

Motor Third Party Liability Insurance with an unlimited limit of indemnity in respect of death / injury. In respect of third party property damage in the use of cars £20,000,000 (twenty million pounds) any one occurrence the number of occurrences being unlimited in any annual policy period. In respect of third party property damage in the use of commercial vehicles or special types £5,000,000 (five million pounds) any one occurrence the number of occurrences being unlimited in any annual policy period. or as required by statute whichever is the higher.

The *Contractor* maintains this insurance from the *starting date* until twelve years following Completion of the whole of the *works* or earlier termination.

[Note: Compiler should review the level of professional indemnity insurance required as part of the minimum insurance requirement by reference to the insurable risk profile of the requirement in question. In relation to this class of insurance this would be in connection with a potential incurred legal liability of the Contractor causing a financial loss as a result of breach of professional duty. The optimum position is for insurance limits of indemnity to be agreed commensurate with the potential losses that could occur in relation to the insured risk, the subject matter of the requirement]

[Note: It should be noted and understood that the insurance market does not provide professional indemnity insurance in a consistent or uniform manner. There is no single prevailing United Kingdom insurance market policy wording and as such each insurer offering and wording is different. This variability is also reflected in the structure of professional indemnity insurance limits of indemnity where insured's procure both any one claim, the number of claims being unlimited in any annual policy period and any one claim and in the annual aggregate. In the model CDF contract form above the limit of indemnity reflects an "any one claim" structure but this may not be available from all contractors on all occasions. Contract specific insurance is unusual in the United Kingdom insurance market and it is generally the case that contractors will seek to meet their contractual insurance obligations through use of their existing insurance arrangements. Such arrangements normally manifest themselves in an annually renewable professional indemnity insurance programme covering the whole of the contractors professional services / business activities. As a consequence if the Contractor's professional indemnity insurance programme is written on an annual aggregate basis it will be difficult for the Contractor to comply with any one claim requirement and it will not be possible for them to do so under an annual aggregate policy wording.]

[Note: Compiler to specify required indemnity level for each type of insurance. The levels specified must normally fall within the applicable range listed in the table below. If (exceptionally) a higher level of insurance is considered necessary for a particular Package Order, the compiler should consult the contract policy owner before confirming the higher figure. The levels of insurance should take into account the requirements of third parties where appropriate; for example, where works are to be carried out over, under or in the vicinity of a railway, the level of public liability insurance may need to be increased and Network Rail added as a co-insured.]

Type of insurance	Range – Lot 2	Range – Lot 3A	Range – Lot 3B
<i>Damage to property and injury to non-employees</i>	<i>£5m to £20m</i>	<i>£10m to £50m</i>	<i>£10m to £50m</i>
<i>Failure to use skill and care</i>	<i>£1m to £5m</i>	<i>£5m to £10m</i>	<i>£10m to £20m</i>

The Contractor provides these other additional insurances
 Insurance against
 Cover is
 Period of cover
 Deductibles are

- Option X5** *[if used]*
- The *completion date* for each *section* of the *works* is
- | <i>section</i> | <i>description</i> | <i>completion date</i> |
|----------------|--------------------|------------------------|
| 1 | | |
| 2 | | |
| 3 | | |
| 4 | | |

- Option X6** *[if used and X5 is used]*
- The *bonus* for each *section* of the *works* is
- | <i>section</i> | <i>description</i> | <i>amount per day</i> |
|-------------------------------------|--------------------|-----------------------|
| 1 | | |
| 2 | | |
| 3 | | |
| 4 | | |
| Remainder of the <i>works</i> | | |

- Option X7** *[if used and X5 is used]*
- Delay damages* for each *section* of the *works* are
- | <i>section</i> | <i>description</i> | <i>amount per day</i> |
|-------------------------------|--------------------|-----------------------|
| 1 | | |
| 2 | | |
| 3 | | |
| 4 | | |
| Remainder of the <i>works</i> | | |

[If Option C used, normally insert “nil per day” for each entry. However, consider overall incentive mechanism in conjunction with the pain/gain shares. If nil is not inserted, also consider supervision cost in addition to cashable cost of delay. If Option A used, level of damages for each entry to be inserted once calculated and agreed with CWG]

- Option X6** *[if used and X5 is not used]*
- The *bonus* for the whole of the *works* is per day.

- Option X7** *[if used and X5 is not used]*
- Delay damages* for Completion of the whole of the *works* are
 - per day.

[See note above under Option X7]

- Option X12** *[if used]*
- The *Client* is Highways England Company Limited, Bridge House, 1 Walnut Tree Close, Guildford, Surrey GU1 4LZ.

- The *Client's objective* is.....
.....
.....
.....
- The Partnering Information is in.....
.....
.....
.....

Option X18 *[if used]*

- The *Contractor's liability* to the *Employer* for indirect and consequential loss is limited to
- For any one event, the *Contractor's liability* to the *Employer* for loss of or damage to the *Employer's property* is limited to
- The *Contractor's liability* for Defects due to his design which are not listed on the Defects Certificate is limited to
- The *Contractor's total liability* to the *Employer* for all matters arising under or in connection with this contract, other than excluded matters, is limited to
- The *end of liability date* is years after Completion of the whole of the *works*.
[The limits of liability to be inserted (if any) must be approved by the Commercial and Procurement Directors.]

Option X20 *[if used]*

- The *incentive schedule* for Key Performance Indicators is in
- A report of performance against each Key Performance Indicator is provided at intervals of months.

Clause Z22 *[if used]*

- The Programme Level Incentive Schedule is in

Clause Z29 *[if used]*

- The *extended liability period* for (state Plant) is months following correction of a Defect or until the *defects date*, whichever is later.

Clause Z30.1 *[if used]*

- Indicate whether Z30.1a or b is used.....
- The Network Rail possession charge is
Type x £..... per possession
Type y £..... per possession

Clause Z32.4 *[if used]*

- The *sections* of the *works* to be completed before the *Project Manager* makes a preliminary assessment of the *Contractor's share* are *sections* and

- Clause Z41** *[if used]*
- The *Contractor's time share* is.....per day
 - the *time share date* is.....

- Clause Z54** *[if used]*
- The *schedule of other costs* is in the Works Information.
 - The *scheme budget* is
 - The Performance Adjustment Schedule is the schedule created using the template entitled "Performance Adjustment Schedule".
 - "The *Contractor's Phase 1 share percentage* is **[X]**"

- Clause Z55.2** *[if used]*
- The *percentage* is **[2]**% of the Price for Work Done to Date

- Clause Z56** *[if used]*
- The Base Performance Schedule is set out in Annex 1.

- Clause Z57.10** *[if Z57 is used]*
- The *programme gainshare percentage* is **[X]**%.

- Clause Z57.14** *[if Z57 is used]*
- The *programme painshare percentages* and the *programme share ranges* are

<i>programme share range</i>	<i>programme painshare percentage</i>
from 100% to 105%	[X] %
from 105% to 110%	[X] %
greater than 110%	[X] %

- Clause Z59** *[if Z59 is used]*
- The *critical themes* are

- Clause Z61.1** *[if Z61 is used]*
- The *Employer's target lane occupancy* is **[..]** lane kilometre days.
 - The *lane occupancy bonus rate* is £**[..]** per lane kilometre day.

Part two – Data provided by the *Contractor*

- The *Contractor* is
Name:.....
.....
Address:⁵.....
.....
.....

- The key people are
(1) Name:
Job:
Responsibilities:
Qualifications:
Experience:

(2) Name:
Job:
Responsibilities:
Qualifications:
Experience:

- The *working areas* are the Site and.....
.....

- The following matters will be included in the Risk Register
.....
.....

- The Works Information for the *Contractor's* design is in
.....

- The programme identified in the Contract Data is
[Applies if a programme is to be identified in the Contract Data]

- The *activity schedule* is
[Applies if Option A or C is used]

⁵ Note: If the Contractor is a joint venture, the name and address of each participant should be inserted.

- The *bill of quantities* is
- *[Applies if Option B or D is used]*
- The tendered total of the Prices is
- The *direct fee percentage* (if lower than that stated in the framework Contract Data) is %.

[if Z37.5 does not apply] • The percentage for Working Areas overheads (if lower than that stated in the framework Contract Data) is %.

- [if Z37.5 applies]*
- The lump sum for Working Areas overheads is £.....
 - The lump sum for people overheads is £.....
 - The *named suppliers* are

Clause Z30.1 *[if used]*

- The *Network Rail possessions* required to Provide the Works are
Type x No
Type y No

Clause Z43 *[if used]*

- The *Phase 1 resource cost schedule* is in
- The *Phase 1 methodology* is in

Clause Z61.1 *[if used]*

- The *Contractor's target lane occupancy* is **[X]** lane kilometre days.

Additional Contract Data - Package Orders let under the ECC Engineering and Construction Short Contract

Part one – Data provided by the *Employer*

- The *Employer* is
Name:.....
Address:
.....
.....
- The Programme comprises *[if applicable]*
- The *works* are
- The *site* is
- The *starting date* is
- The *completion date* is
- The *defect correction period* is 4 weeks except that
The *defect correction period* for.....isweeks
The *defect correction period* for.....isweeks.
- The *delay damages* are..... per day.
- The *retention* is %.
- The *Contractor* is not liable to the *Employer* for loss of or damage to the *Employer's* property in excess of for any one event.

[Include this entry only if approved by the Commercial and Procurement Directors, who must also approve the limit of liability to be inserted.]

The minimum amount of cover for the third insurance stated in the Insurance Table is £..... any one occurrence, without limit to the number of occurrences (except for claims arising out of pollution or contamination, where the minimum amount of cover applies in the aggregate in any one annual period of insurance).

The minimum amount of cover for the fourth insurance stated in the Insurance Table is £10,000,000 any one occurrence or as required by statute whichever is the higher, without limit to the number of occurrences.

[Note: Compiler to specify required indemnity level for each type of insurance. The levels specified must normally fall within the applicable range listed in the table below. If (exceptionally) a higher level of insurance is considered necessary for a particular Package Order, the compiler should consult the contract policy owner before confirming the higher figure. The levels of insurance should take into account the requirements of third parties where appropriate; for example, where works are to be carried out over, under or in the vicinity of a railway, the level of public liability insurance may need to be increased and Network Rail added as a co-insured.]

Type of insurance	Range – Lot 2	Range – Lot 3A	Range – Lot 3B
<i>Damage to property and injury to non-employees</i>	<i>£5m to £20m</i>	<i>£10m to £50m</i>	<i>£10m to £50m</i>

- The additional *conditions of contract* are the Z clauses in Appendix E to the framework Contract Data numbered Z23, Z24, Z25, Z26, [Z27,] Z28, [Z29, Z30,] Z31, [Z42,] Z49, Z50, Z51 and Z53.

- The entries for the Price List are in

- The additional Works Information is

[Note: This needs to include, as appropriate: (i) Description of the works; (ii) Drawings; (iii) Specifications; (iv) Constraints on how the Contractor Provides the Works; (v) Requirements for the programme; and (vii) Services and other things provided by the Employer.]

- The Site Information is in

- The *extended liability period* for (state Plant) is months following correction of a Defect or until the *defects date*, whichever is later.

- Indicate whether Z30.1(a) or (b) is used.....

Part two – Data provided by the Contractor

- The Contractor is

Name:

Address:⁶

.....
.....

- The key people are

(1) Name:

Job:

Responsibilities:

Qualifications:

Experience:

(2) Name:

Job:

Responsibilities:

Qualifications:

Experience:

The offered total of the Prices is

The entries for the Price List are in

The *named suppliers* are

⁶ Note: If the Contractor is a joint venture, the name and address of each participant should be inserted.

Additional Contract Data - Package Orders let under the NEC Professional Services Contract

Part one – Data provided by the *Employer*

1 General

- The additional *conditions of contract* are the clauses for main Option [A/C/E] and secondary Options [X1, X2, X5, X6, X7, X8, X11, X12, X18, X20] of the NEC3 Professional Services Contract (April 2013), together with [clause Z22 in Appendix A to the framework Contract Data and] the Z clauses in Appendix B to the framework Contract Data numbered Z23, Z24, Z25, [Z26, Z27,], Z31, [Z32, Z42, Z46,], Z47, Z51, Z52, Z53 [Z54, Z55, Z56, Z58, Z59 and Z60].

[Notes:

- (i) *Compiler to specify which X options and which of the Z clauses in Appendix B will apply to the Package Order. No further additional clauses or other changes to the conditions of contract should be made unless agreed by the contract policy owner.*
- (ii) *Guidance should be sought from the contract policy owner regarding use of X1 and X2. Option X2 must not be included if Option X1 is included. Note that, if it is desired generally to place the risk of changes in law (including rates of taxation) in relation to a Package Order with the Consultant, Option X2 should not be included.*
- (iii) *Option X18 should only be included with the approval of the Commercial and Procurement Directors.]*

- The *Employer* is

Name:

.....

Address:

.....

.....

- The Programme comprises *[if applicable]*

- The *services* are

- The additional Scope is in

- The following matters will be included in the Risk Register

.....

.....

.....

2 The Parties' main responsibilities

- The *Employer* provides access to the following persons, places and things

access to

access date

.....

3 Time

- *The starting date* is
- *The completion date* for the whole of the *services* is

5 Payment

Note: Where clause Z58 applies, no entry is needed here. The *Consultant's* share is fully described in clause Z58.8 (Programme gain) and clause Z58.12 and the table accompanying it (Programme pain).

Where clause Z58 no longer applies (see Z58.15) and Z54.2 therefore becomes operative, the *Consultant's share percentages* and the *share ranges* are

<i>share range</i>	<i>Consultant's share percentage</i>
Less than 90%	[X%]
from 90 to 100%	[X%]
from 100% to 105%	[X%]
from 105% to 110%	[X%]
from 110% to 120%	[X% ⁷]
greater than 120%	[X% ⁸]

⁷ Subject to the cap in clause 53.4 (see Z54.2).

⁸ Subject to the cap in clause 53.4 (see Z54.2).

8 Indemnity, insurance and liability The amounts of insurance and the periods for which the *Consultant* maintains insurance are

event	cover	period
failure of the <i>Consultant</i> to use the skill and care normally used by professionals providing services similar to the <i>services</i>	The minimum limit of indemnity is £.....(xx million) in respect of any one claim without limit to the number of claims in any annual policy period but £..... (xx million) in respect of any one claim and in the aggregate per annum for liability arising out of pollution or contamination (to the extent insured by the relevant policy) and £..... (xx million) in respect of any one claim and in the aggregate per annum in respect of liability arising out of asbestos (to the extent insured by the relevant policy)	from the <i>starting date</i> until 12 years following completion of the whole of the <i>services</i> or earlier termination
<p><i>[Note: Compiler should review the level of professional indemnity insurance required as part of the minimum insurance requirement by reference to the insurable risk profile of the requirement in question. In relation to this class of insurance this would be in connection with a potential incurred legal liability of the Consultant causing a financial loss as a result of breach of professional duty. The optimum position is for insurance limits of indemnity to be agreed commensurate with the potential losses that could occur in relation to the insured risk, the subject matter of the requirement]</i></p>		

death of or bodily injury to a person (not an employee of the *Consultant*) or loss of or damage to property resulting from an action or failure to take action by the *Consultant*

The minimum limit of indemnity is £.....(xx million) in respect of any one occurrence without limit to the number of occurrences in any annual policy period but £..... (xx million) in respect of any one occurrence and in the aggregate per annum in respect of liability arising out of products and pollution or contamination (to the extent insured by the relevant policy).

from the *starting date* until all notified Defects have been corrected or earlier termination

[Note: Compiler should review the level of third party liability insurance required as part of the minimum insurance requirement by reference to the insurable risk profile of the requirement in question. In relation to this class of insurance this would be in connection with a potential incurred legal liability of the Consultant causing third party (including Highways England as third party) death / bodily injury and / or damage to third party property. The optimum position is for insurance limits of indemnity to be agreed commensurate with the potential losses that could occur in relation to the insured risk, the subject matter of the requirement.]

death of or bodily injury to employees of the *Consultant* arising out of and in the course of their employment in connection with this contract

The minimum limit of indemnity for insurance in respect of death of or bodily injury to employees of the *Consultant* arising out of and in the course of their employment in connection with this contract is £10,000,000 (ten million) in respect of any one occurrence without limit to the number of occurrences in any annual policy period or as required by statute whichever is the higher

from the *starting date* until all notified Defects have been corrected or earlier termination

[Note: Compiler to specify required indemnity level for each type of insurance. The levels specified must normally fall within the applicable range listed in the table below. If (exceptionally) a higher level of insurance is considered necessary for a particular Package Order, the compiler should consult the contract policy owner before confirming the higher figure. The levels of insurance should take into account the requirements of third parties where appropriate.]

Type of insurance	Range – Lot 1	Range – Lot 2	Range – Lot 3A	Range – Lot 3B
<i>Failure to use skill and care</i>	<i>£1m to £10m</i>	<i>£1m to £5m</i>	<i>£5m to £10m</i>	<i>£10m to £20m</i>
<i>Injury to non-employees and damage to property</i>	<i>£1m to £10m</i>	<i>£5m to £20m</i>	<i>£10m to £50m</i>	<i>£10m to £50m</i>

- The *Consultant* provides these additional insurances
Insurance against
Cover is
Period of cover
Deductibles are
 - The *Consultant's* total liability to the *Employer* for all matters arising under or in connection with this contract, other than the excluded matters, is limited to
- [Include this entry only if approved by the Commercial and Procurement Directors, who must also approve the limit of liability to be inserted.]*

- Option X5** *[if used]* • The *completion date* for each *section* of the *services* is
- | <i>section</i> | <i>description</i> | <i>completion date</i> |
|----------------|--------------------|------------------------|
| 1 | | |
| 2 | | |
| 3 | | |
| 4 | | |

- Option X6** *[if used and X5 is used]* • The *bonus* for each *section* of the *services* is
- | <i>section</i> | <i>description</i> | <i>amount per day</i> |
|----------------------------------------|--------------------|-----------------------|
| 1 | | |
| 2 | | |
| 3 | | |
| 4 | | |
| Remainder of the <i>services</i> | | |

- Option X7** *[if used and X5 is used]* • Delay damages for each *section* of the *services* are
- | <i>section</i> | <i>description</i> | <i>amount per day</i> |
|----------------------------------------|--------------------|-----------------------|
| 1 | | |
| 2 | | |
| 3 | | |
| 4 | | |
| Remainder of the <i>services</i> | | |

[If Option C used, normally insert “nil per day” for each entry. However, consider overall incentive mechanism in conjunction with the pain/gain shares. If nil is not inserted, also consider supervision cost in addition to cashable cost of delay. If Option A used, level of damages for each entry to be inserted once calculated and agreed with CWG]

- Option X6** *[if used and X5 is not used]* • The *bonus* for the whole of the *services* is per day

- Option X7** *[if used and X5 is not used]* • Delay damages for Completion of the whole of the *services* are
-
 - per day

[See note above under Option X7]

- Option X12** *[if used]* • The *Client* is Highways England Company Limited, Bridge House, 1 Walnut Tree Close, Guildford, Surrey GU1 4LZ.

- The *Client's objective* is.....
.....
.....
.....
- The Partnering Information is in.....
.....
.....
.....

Option X18 *[if used]*

- The *Consultant's liability* to the *Employer* for indirect and consequential loss is limited to
- The *Consultant's liability* to the *Employer* for Defects that are not found until after the *defects date* is limited to
- The *end of liability date* is years after Completion of the whole of the *services*.
[The limits of liability to be inserted (if any) must be approved by the Commercial and Procurement Directors.]

Option X20 *[if used]*

- The *incentive schedule* for Key Performance Indicators is in

A report of performance against each Key Performance Indicator is provided at intervals of months.

Clause Z22 *[if used]*

- The Programme Level Incentive Schedule is in

Clause Z54 *[if used]*

- The *schedule of other costs* is in the Scope.
- The *scheme budget* is
- The Performance Adjustment Schedule is the schedule created using the template entitled "Performance Adjustment Schedule".
- "The *Consultant's Phase 1 share percentage* is *[X]*"

Clause Z55.1 *[if used]*

- The *percentage* is *[5]*% of the Price for Services Provided to Date.

Clause Z56 *[if used]*

- The Base Performance Schedule is set out in Annex 1.

Clause Z58.8 *[if used]*

- The *programme gainshare percentage* is *[X]*%

- Clause Z58.12** *[if Z58 is used]* • The *programme share percentages* and the *programme share ranges* are

<i>programme share range</i>	<i>programme share percentage</i>
from 100% to 105%	<i>[X%]</i>
from 105% to 110%	<i>[X%]</i>
greater than 110%	<i>[X%]</i>

- Clause Z59** *[if used]* • The *critical themes* are

Part two – Data provided by the *Consultant*

- The *Consultant* is

Name:

 Address:⁹

- The key people are

(1) Name:
 Job:
 Responsibilities:
 Qualifications:
 Experience:

(2) Name:
 Job:
 Responsibilities:
 Qualifications:
 Experience:

- The programme identified in the Contract Data is

[Applies if a programme is to be identified in the Contract Data]

- The *staff rates* (for Lot 1) are
- The *staff rates* (for Lots 2, 3a & 3b) if different from those referred to in the framework Contract Data are

[Include if the Consultant is required to submit tendered staff rates as part of a secondary competition]

• name/designation	• rate
•	•
•	•

- The following matters will be included in the Risk Register

.....

- The *named suppliers* are.....

- The *activity schedule* is.....

[Applies if Option A or C is used]

⁹ Note: If the Contractor is a joint venture, the name and address of each participant should be inserted.

- The tendered total of the Prices is.....

[Applies if Option A or C is used]

ANNEX 6 – FINANCIAL INFORMATION AND NOVATION DEEDS

1. Resource cost schedule – Professional Services Contract and Professional Services Short Contract

Lot 1

Provide one table for each activity. Add additional lines as required.

Activity

Role	Total staff time	Staff rate	Time Charge
Total Time Charge for Activity			

2. Resource cost schedule – Engineering and Construction Contract and Engineering and Construction Short Contract

Lots 2, 3A and 3B

Provide one table for each activity or *bill of quantities* item. Add additional lines as required.

Activity / *bill of quantities* item

Description	Quantity	Unit cost	Price
People			
Equipment			
Materials			
Charges			
Transportation			
Total			
Fee%			
Price for activity/ <i>bill of quantities</i> item			

3. Novation Agreement –

DATED [●]

THE SECRETARY OF STATE FOR TRANSPORT
as Old Employer

[●]
as New Employer

[●]
as Supplier

DEED OF NOVATION

relating to [a Package Contract awarded under]¹⁰
the Highways Agency's Collaborative Delivery Framework

¹⁰ Words in square brackets to be included where the novation is of a Package Contract, rather than the entire framework.

DATED

PARTIES

- (1) **THE SECRETARY OF STATE FOR TRANSPORT** of Great Minster House, 33 Horseferry Road, London SW1P 4DR (the “**Old Employer**”)
- (2) [*insert details of replacement authority*] (the “**New Employer**”)
- (3) [●] (company no [●]) whose registered office is at [●] (the “**Supplier**”)

BACKGROUND

- (A) The Old Employer has employed the Supplier under the Contract.
- (B) The Old Employer has agreed (with the consent of the Supplier) to transfer all its rights and obligations under the Contract to the New Employer and the Supplier has agreed to accept the liability of the New Employer in place of the liability of the Old Employer under the Contract upon and subject to the terms of this deed, which is supplemental to the Contract.

OPERATIVE PROVISIONS

1. DEFINITIONS AND INTERPRETATION

- 1.1 Unless the contrary intention appears, the following definitions apply:

“**Contract**” means [a package contract for the provision of works and/or services formed by the issue by the Old Employer to the Supplier of a [Package/Time Charge] Order dated [●] pursuant to]¹¹ the framework contract dated [●] between the Old Employer and the Supplier under the Highways Agency’s Collaborative Delivery Framework and includes any later additions, amendments or variations to the Contract.

- 1.2 The clause and paragraph headings in this deed are for ease of reference only and are not to be taken into account in the construction or interpretation of any provision to which they refer.
- 1.3 Words in this deed denoting the singular include the plural meaning and vice versa.
- 1.4 References in this deed to any statutes or statutory instruments include any statute or statutory instrument amending, consolidating or replacing them respectively from time to time in force, and references to a statute include statutory instruments and regulations made pursuant to it.
- 1.5 Words in this deed importing one gender include both other genders and may be used interchangeably, and words denoting natural persons, where the context allows, include corporations and vice versa.

¹¹ Words in square brackets to be included where the novation is of a Package Contract, rather than the entire framework.

2. NOVATION

- 2.1 The Old Employer and the Supplier release and discharge each other from the further performance of their respective obligations under the Contract and the Supplier acknowledges and accepts the liability of the New Employer in place of the liability of the Old Employer under the Contract.
- 2.2 The Supplier undertakes to be bound to the New Employer by the terms of the Contract in every way as if the New Employer was and always had been a party to the Contract in place of the Old Employer.
- 2.3 The Supplier acknowledges and warrants to the New Employer that it has duly observed and performed and will continue duly to observe and perform all its obligations under the Contract.

3. NEW EMPLOYER'S UNDERTAKING

- 3.1 [Subject to Clause 4.1 below,]¹² the New Employer undertakes to be bound to the Supplier by the terms of the Contract and to perform the obligations on the part of the [*Employer/Client*] under the Contract in every way as if the New Employer was and always had been a party to the Contract in place of the Old Employer.

4. [PAYMENT OF SUMS DUE

- 4.1 The Supplier and the Old Employer agree that the total amount to be paid by the Old Employer to the Supplier for works and/or services performed under the Contract prior to the date of this deed is £[●]. The Supplier acknowledges that the Old Employer has paid the sum of £[●] prior to the date of this deed. The balance of £[●] shall be invoiced by the Supplier to the Old Employer and paid by the Old Employer in accordance with the Contract.]¹³
- 4.2 The Supplier and the New Employer agree that the New Employer shall be solely responsible (to the exclusion of the Old Employer) for payment of all sums due to the Supplier under the Contract for works and/or services performed after the date of this deed.
- 4.3 [Where, under Clause 2.2 above or under any other contract between the New Employer and the Supplier, any sum of money is recoverable from or payable by the Supplier to the New Employer, such sum may be deducted from or reduced by the amount of any sum then due or which may at any time become due from the New Employer to the Supplier under Clause 4.2 above or under any other contract with any Department or Office of Her Majesty's Government.]¹⁴

¹² Words in square brackets to be included where the novation is of a Package Contract, rather than the entire framework.

¹³ This clause should be included where the novation is of a Package Contract, rather than the entire framework.

¹⁴ Clause 4.3 will apply only if the Package Contract is novated from Highways England to a Department or Office of Her Majesty's Government.

5. NOTICES

- 5.1 Any notice or other communication required under this deed shall be given in writing and shall be deemed to have been properly given if compliance is made with section 196 of the Law of Property Act 1925 (as amended by the Recorded Delivery Service Act 1962 and the Postal Services Act 2000).

6. GOVERNING LAW AND DISPUTES

- 6.1 This deed and any non-contractual obligations arising out of or in connection with it shall be governed by English law.
- 6.2 The parties agree that the courts of England and Wales shall have exclusive jurisdiction to determine any dispute arising out of or in connection with this deed, including (without limitation) in relation to any non-contractual obligations. The parties irrevocably submit to the jurisdiction of those courts.

EXECUTION PAGE

This Deed has been executed as a deed and delivered on the date stated at the beginning of this Deed.

Executed as a deed for and on behalf of)
THE SECRETARY OF STATE FOR)
TRANSPORT by:)

Authorised by the Secretary of State

Executed as a deed by **[NEW**)
EMPLOYER] in the presence of:)

Authorised Signatory

Authorised Signatory

Executed as a deed by **[SUPPLIER]** in)
the presence of:)

Director

Director/Secretary

4. NOT USED

5. Collaboration Agreement

Highways Agency Collaborative Delivery Framework Contract

Collaboration Agreement

March 2014

[Note: HA to consider whether it wishes to impose any restrictions on the terms on which the Third Party may place Task Orders; for example in relation to amounts of delay damages, share percentages, limits of liability, insurance levels and the like.]

Highways Agency Collaborative Delivery Framework Contract Collaboration Agreement

Contents amendment sheet

Amend. No.	Issue Date	Amendments	Initials	Date

DATED

20

THE SECRETARY OF STATE FOR TRANSPORT

[THIRD PARTY]

COLLABORATION AGREEMENT

in relation to the Highways Agency's
Collaborative Delivery Framework Contract

DATED
PARTIES

- 1 Employer **THE SECRETARY OF STATE FOR TRANSPORT** of Great
Minster House, 33 Horseferry Road, London SW1P 4DR
- 2 Third Party [●] of [●]

RECITALS

- A The Employer has entered into Framework Contracts with the Suppliers under the Highways Agency's Collaborative Delivery Framework.
- B Pursuant to clause Z10 of the Framework Contracts, the Third Party wishes to issue Task Orders to one or more of the Suppliers for the provision of works and/or services upon and subject to the terms of the Framework Contracts.
- C The Employer is content for the Third Party to issue Task Orders to the Suppliers subject to the terms of this Agreement.

OPERATIVE PROVISIONS

1 DEFINITIONS AND INTERPRETATION

- 1.1 **The Employer and the Third Party shall act as stated in this Agreement and in a spirit of mutual trust and co-operation.**

- 1.2 **In this Agreement the following words and expressions have the following meanings:**

<i>Framework Contracts</i>	the framework contracts between the Employer and each of the Suppliers listed in Schedule 1;
<i>Suppliers</i>	the parties to the Framework Contracts (other than the Employer) named in Schedule 1;
<i>Task Order</i>	an order or instruction issued by the Third Party to a Supplier pursuant to clause Z10 of a Framework Contract; and
<i>Term</i>	the period from the <i>starting date</i> (or, if later, the date of this Agreement) until the <i>end date</i> or earlier termination of this Agreement.

- 1.3 **Other terms used with initial capitals or in italics in this Agreement have the meaning given to them in the Framework Contracts.**

- 1.4 **The rules of interpretation set out in Condition 12 of the *conditions of contract* of the NEC3 Engineering and Construction Contract (April 2013) apply equally (so far as relevant) to this Agreement.**

2 **RIGHT OF THIRD PARTY TO ISSUE TASK ORDERS**

2.1 **Subject to clause 3.1, the Third Party may from time to time during the Term issue**

2.1.1 Time Charge Orders,

2.1.2 instructions to submit quotations for Package Orders and

2.1.3 Package Orders

pursuant to clause Z10 of the Framework Contracts.

2.2 **The Third Party provides to the Employer copies of any Task Orders issued by it under clause 2.1.**

3 **RIGHT TO COUNTERMAND TASK ORDERS**

3.1 **The Employer may, not later than 14 days after the issue by the Third Party of a Task Order, instruct the relevant Supplier (with a copy to the Third Party) not to carry out the work in that Task Order if compliance by the Supplier with the Task Order would**

3.1.1 adversely affect the Supplier's ability to comply with Time Charge Orders or Package Orders issued by the Employer under the Framework Contract or

3.1.2 give rise to a conflict of interest.

3.2 **The Employer does not otherwise issue instructions to the Supplier in respect of a Task Order.**

4 **OBLIGATIONS PURSUANT TO TASK ORDERS**

4.1 **The Third Party undertakes to the Employer that it will pay the Supplier in accordance with the Framework Contract for all work done pursuant to a Task Order.**

4.2 **The Third Party acknowledges to the Employer that it has no remedy against the Employer in respect of non-performance by the Supplier of his obligations under any Task Order.**

4.3 The Employer may not require the Third Party to set off sums due from the Supplier to the Employer against sums due from the Third Party to the Supplier.

5 TERMINATION BY THE THIRD PARTY

5.1 The Third Party may terminate this Agreement at any time by notifying the Employer.

5.2 If the Employer notifies the Third Party of the termination of a Framework Contract, the Third Party may not thereafter issue any further Task Orders under that Framework Contract (but any Task Orders previously issued by the Third Party remain in effect unless terminated in accordance with their terms).

6 OTHER PROVISIONS

6.1 The Employer and the Third Party consult with each other before allowing the Supplier to publicise any matters relating to a Task Order.

6.2 Pursuant to clause Z17 of the Framework Contracts, Quality Management Points accrued by a Supplier in respect of Task Orders are aggregated with Quality Management Points in respect of Time Charge Orders and Package Orders issued by the Employer under the relevant Framework Contract.

6.3 As between the Employer and the Third Party, all Intellectual Property Rights in documents created by or on behalf of the Third Party or the Supplier in connection with a Task Order are the property of the Third Party.

6.4 If the Employer transfers the benefit and burden of the Framework Contracts to another person (other than the Third Party) pursuant to clause Z15.2 of the Framework Contracts, the Third Party on request by the Employer executes a novation agreement (in such form as the Employer may reasonably require) transferring the benefit and burden of this Agreement to the same person.

7 **COSTS**

Each of the parties bears its own costs and expenses incurred in the preparation of this Agreement.

8 **DISPUTES AND GOVERNING LAW**

The provisions of dispute resolution Option W2 of the NEC3 Engineering and Construction Contract (April 2013) apply to any dispute arising under or in connection with this Agreement as if references to the *Contractor* in that clause were references to the Third Party.

9 **RIGHTS OF THIRD PARTIES**

Neither this Agreement nor any term of it is enforceable solely by virtue of the Contracts (Rights of Third Parties) Act 1999 by any person who is not a party to this Agreement.

Signed by the duly authorised representatives of the parties on the date of this document.

Signed for and on behalf of **THE**)
SECRETARY OF STATE FOR)
TRANSPORT by:)

Authorised by the Secretary of State

Signed for and on behalf of **[THIRD**)
PARTY] by:)

Authorised Signatory

SCHEDULE 1
Framework Contracts

Lot No	Date	Supplier
1	[•]	[•]
1	[•]	[•]
1	[•]	[•]
2	[•]	[•]
2	[•]	[•]
2	[•]	[•]
3a	[•]	[•]
3a	[•]	[•]
3a	[•]	[•]
3b	[•]	[•]
3b	[•]	[•]
3b	[•]	[•]

ANNEX 7 - SAMPLE WORK PACKAGES

Lot 1

CDF Lot 1 Sample Work Package - Scheme 9 Package Order Brief v1.0
CDF Lot 1 Sample Work Package - Scheme 10 Package Order Brief v1.0
CDF Lot 1 Sample Work Package - Scheme 11 Package Order Brief v1.0
CDF Lot 1 Staff Rate Card (Inclusive of Local Overhead, Business Overhead & Profit build up tables)
CDF Lot 1 Sample Work Package - Scheme 9 Staff Resource Profile v1.0
CDF Lot 1 Sample Work Package – Scheme 10 Staff Resource Profile v1.0
CDF Lot 1 Sample Work Package – Scheme 11 Staff Resource Profile v1.0

Lot 2

CDF Lot 2 Sample Work Package 1

CDF Lot 2 - Scheme 1 Information v1.0 (Works and Site Information)
CDF Lot 2 - Scheme 1 Barrier Drawings v1.0
CDF Lot 2 - Scheme 1 Drainage Drawings v1.0
CDF Lot 2 - Scheme 1 BoQ v1.0
CDF Lot 2 – Working Area Overhead – Component Identification v1.0
CDF Lot 2 – Sample Work Package Labour Rates Template v1.0
CDF Lot 2 - Prelims Book v1.0

CDF Lot 2 Sample Work Package 2

CDF Lot 2 - Scheme 2 Information v1.0 (Works and Site Information)
CDF Lot 2 - Scheme 2 General Arrangement Drawings v1.0
CDF Lot 2 - Scheme 2 BoQ v1.0
CDF Lot 2 – Working Area Overhead – Component Identification v1.0
CDF Lot 2 – Sample Work Package Labour Rates Template v1.0
CDF Lot 2 - Prelims Book v1.0

CDF Lot 2 Sample Work Package 3

CDF Lot 2 - Scheme 3 Information v1.0 (Works and Site Information)
CDF Lot 2 - Project 3 General Arrangement Drawings v1.0
CDF Lot 2 - Scheme 3 BoQ v1.0
CDF Lot 2 – Working Area Overhead – Component Identification v1.0
CDF Lot 2 – Sample Work Package Labour Rates Template v1.0
CDF Lot 2 - Prelims Book v1.0

Lot 3a

CDF Lot 3a Sample Work Package 4

CDF Lot 3a - Scheme 4 Information v1.0 (Works and Site Information)
CDF Lot 3a - Scheme 4 Cross Sections v1.0
CDF Lot 3a - Scheme 4 Drainage Drawings

CDF Lot 3a - Scheme 4 General Arrangement Drawings v1.0
CDF Lot 3a - Scheme 4 Geotechnical Information v1.0
CDF Lot 3a - Scheme 4 Longitudinal Sections v1.0
CDF Lot 3a - Scheme 4 Pavement Drawings v1.0
CDF Lot 3a - Scheme 4 Structures General Arrangement Drgs v1.0
CDF Lot 3a - Scheme 4 BoQ v1.0
CDF Lot 3a – Work Package Working Area Overhead Build up Table Table v1.0
CDF Lot 3a – Work Package Labour Rates Template v1.0
CDF Lot 3a - Prelims Book v1.0

CDF Lot 3a Sample Work Package 5

CDF Lot 3a – Scheme 5 Information v1.0 (Works and Site Information)
CDF Lot 3a – Scheme 5 General Arrangement Drawings
CDF Lot 3a – Scheme 5 Pavement Drawings
CDF Lot 3a – Scheme 5 Structures Drawings
CDF Lot 3a – Scheme 5 BoQ v1.0
CDF Lot 3a – Work Package Working Area Overhead Build up Table Table v1.0
CDF Lot 3a – Work Package Labour Rates Template v1.0
CDF Lot 3a - Prelims Book v1.0

CDF Lot 3a Sample Work Package 6

CDF Lot 3a – Scheme 6 Information v1.0 (Works and Site Information)
CDF Lot 3a – Scheme 6 Cross Section Drawings
CDF Lot 3a – Scheme 6 Drainage Drawings
CDF Lot 3a – Scheme 6 General Arrangement Drawings
CDF Lot 3a – Scheme 6 Geotechnical Information
CDF Lot 3a – Scheme 6 Longitudinal Sections Drawings
CDF Lot 3a – Scheme 6 Pavement Drawings
CDF Lot 3a – Scheme 6 Structures S1, S2 and S3 General Arrangement Drawings
CDF Lot 3a – Scheme 6 Structures S4, S5, S6 and S7 General Arrangement Drawings
CDF Lot 3a – Scheme 6 Structure S11 General Arrangement Drawing
CDF Lot 3a – Scheme 6 Structure S16 General Arrangement Drawing
CDF Lot 3a – Scheme 6 Structure S20 General Arrangement Drawing
CDF Lot 3a – Scheme 6 BoQ v1.0
CDF Lot 3a – Work Package Working Area Overhead Build up Table Table v1.0
CDF Lot 3a – Work Package Labour Rates Template v1.0
CDF Lot 3a - Prelims Book v1.0

Lot 3b

CDF Lot 3b Sample Work Package 7

CDF Lot 3b - Scheme 7 Information v1.0 (Works and Site Information)
CDF Lot 3b - Scheme 7 Drainage Drawings
CDF Lot 3b - Scheme 7 General Arrangement Drawings
CDF Lot 3b - Scheme 7 Pavement Drawings
CDF Lot 3b - Scheme 7 BoQ v1.0
CDF Lot 3b – Work Package Working Area Overhead Build up Table Table v1.0

CDF Lot 3b – Work Package Labour Rates Template v1.0
CDF Lot 3b - Prelims Book v1.0

CDF Lot 3b Sample Work Package 8

CDF Lot 3b - Scheme 8 Information v1.0 (Works and Site Information)
CDF Lot 3b - Scheme 8 Drainage Drawings
CDF Lot 3b - Scheme 8 General Arrangement Drawings
CDF Lot 3b - Scheme 8 Geotechnical Information
CDF Lot 3b - Scheme 8 Longitudinal and Cross Sections 1
CDF Lot 3b - Scheme 8 Longitudinal and Cross Sections 2
CDF Lot 3b - Scheme 8 Longitudinal and Cross Sections 3
CDF Lot 3b - Scheme 8 Pavement Drawings
CDF Lot 3b - Scheme 8 Structure Drawings 1
CDF Lot 3b - Scheme 8 Structure Drawings 2
CDF Lot 3b - Scheme 8 Part 1 BoQ v1.0
CDF Lot 3b - Scheme 8 Part 2 BoQ v1.0
CDF Lot 3b – Work Package Working Area Overhead Build up Table Table v1.0
CDF Lot 3b – Work Package Labour Rates Template v1.0
CDF Lot 3b - Prelims Book v1.0

Lots 2, 3A and 3B

Fee Percentage Build-up v1.0
Preambles to BoQ for Sample Work Packages v 1.0
WAOH Summary Pricing Template v1.0

ANNEX 8 - ADJUSTMENT OF PRICES FOR INFLATION

Quotation Information

Lot 1

On each anniversary of the date of award of the Framework Contract the *Supplier* calculates a price adjustment factor (PAF) equal to $(L - B)/B$, where L is the latest published value of the *index* and B is the last value of the *index* published before the Contract Date.

If the value of an *index* (L) used in the calculation of a PAF is later corrected by the Office for National Statistics, the calculation is repeated using the corrected *index* value and a correction included in the next assessment of the amount due.

The prices in the *quotation information* submitted at tender are adjusted on each anniversary by the actual increase in total hourly cost of people for each person provided this does not exceed the application of the PAF to the total hourly cost of people for the person, then adding the fixed £/hr uplifts for local office overhead and business overhead and applying the fixed profit percentage to the updated total hourly cost of people plus local office and business overheads. If the actual increase in total hourly cost of people for any person exceeds the application of the PAF to their total hourly cost then the new rate for that person is determined by the application of the PAF to the total hourly cost for that person. These prices are the *quotation information* prices until the next anniversary.

Use of Adjusted Staff Rates under each Package Order

After each anniversary of the date of award of the Framework Contract the adjusted staff rates are used for assessing the amount due for services provided on all Package Orders after the anniversary date.

The index is

EARN03: Average Weekly Earnings by Industry. "Not Seasonally Adjusted Average Weekly Earnings - Index figures Including Bonuses, Including Arrears". Sector M - Professional, Scientific and Technical Activities. Tab 5 Column K5EY published by the Office for National Statistics and the proportion used to calculate the price adjustment factor is 100%

Sample Calculation (Lot 1)

quotation information price submitted at tender is;

Total hourly cost of people	= £40.00 / hour
Local office overhead	= £5.00/hr
Business overhead	= £10.00/hr
Profit percentage	= 15%
All in rate per hour	= £63.25

Base index value (B) is 100

Latest value of index at anniversary of Framework award (L) is 103

Then the PAF = $((103 - 100)/100) * 1.000 = 0.03$

Therefore new *quotation information* price is =

New total hourly cost of people £40 + (£40 * 0.03)	= £41.20 /hr
Local office overhead	+ £5.00 /hr
Business overhead	+ £10.00 /hr
<hr/>	
Total hourly cost of people plus overheads	= £56.20 /hr
Profit percentage (£56.20* 0.15)	= £8.43
<hr/>	
New <i>quotation information</i> price (All-in rate per hour)	=£64.63

Lots 2, 3a & 3b

On submittal of a priced resource cost schedule in response to a Package Order Brief the *Supplier* calculates a price adjustment factor (PAF) equal to $(L - B)/B$, where L is the latest published value of the *index* and B is the last value of the *index* published before the Contract Date.

If the value of an *index* (L) used in the calculation of a PAF is later corrected by the Office for National Statistics, the calculation is repeated using the corrected *index* value and a correction included in the next assessment of the amount due.

The capped staff rates in the *quotation information* submitted at tender are adjusted on submittal of a priced resource cost schedule in response to a Package Order Brief by the application of the PAF to the total hourly cost of people for each role required under the Package Order.

The Contractor provides actual total hourly cost information for each role required under the Package Order for the individual proposed and demonstrates that the total actual hourly cost is less than or equal to the PAF adjusted capped staff rate for the relevant role.

If the actual total hourly cost of people for any person exceeds the PAF adjusted capped staff rate for the relevant role then the PAF adjusted capped staff rate applies.

Use of Adjusted Staff Rates under each Package Order

On the anniversary of the award of any Package Order under the Framework Contract the staff rates are adjusted to reflect the actual total hourly cost of each individual provided it is less than or equal to the PAF adjusted capped framework rates for the relevant role. Where the actual total hourly cost of an individual exceeds the PAF adjusted capped framework rate for the relevant role the PAF adjusted capped framework rate for the role becomes the adjusted rate. The adjusted rates are used for assessing the Price for Work Done to Date after the anniversary date.

The index is:

BIS ROCOS Resource Cost Index of Road Construction: Combined.

Currently published on behalf of the Department for Business Innovation and Skills (BIS), by the Building Cost Information Service (BCIS) of the Royal Institution of Chartered Surveyors and the proportion used to calculate the price adjustment factor is 100%.

If this index is withdrawn, then the index is the equivalent replacement index. If no replacement index is published then an index will be produced by the *Employer* to replicate ROCOS using appropriately weighted Baxter Indices.

Sample Calculation (Lots 2, 3a & 3b)

quotation information capped staff rate submitted at tender is;
Total hourly cost of project manager role = £50.00 / hour

Base index value (B) is 100

Value of index at date of Package Order submittal (L) is 104

Then the PAF = $((104 - 100)/100) * 1.000 = 0.04$

Therefore new *quotation information* capped staff rate is =

New total hourly cost of people £50 + (£50 * 0.04) = £52.00 /hr

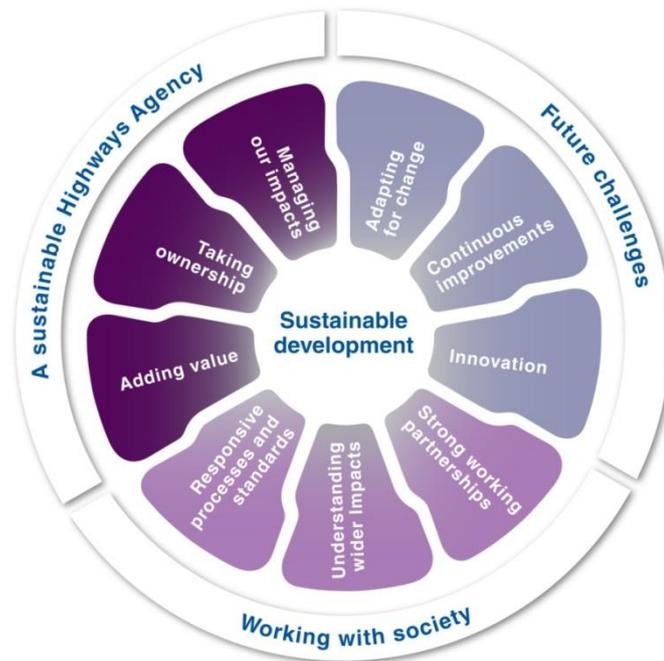
If actual total hourly cost of the project manager for the Package Order is £49.00 then this rate is used in the target cost calculation and for payment as Defined Cost.

If the actual total hourly cost of the project manager for the Package Order is £55.00 then the capped rate of £52.00 is used in the target cost calculation and for payment as Defined Cost.

ANNEX 9 - ECONOMIC, ENVIRONMENTAL AND SOCIAL APPROACH

The framework represents a major opportunity to achieve a step change in performance, by embracing greater innovation, attracting and then capitalising on a more diverse workforce and finding more cost effective ways of delivering sustainable outcomes for the Strategic Road Network.

The *Employer* is clear about the high level economic, environmental and social outcomes that it wants to achieve:



Economic prosperity – achieving a sustainable economy

Maximise economic benefits while also delivering enhanced social and environmental outcomes (*adding value*).

- Support and drive sustainable growth across the entire economy.
- Actions to reduce congestion and improve reliability essential to supporting the economy (and environment and quality of life).
- Cost reduction with a focus on carbon reduction focussing attention on resource and energy efficiency.

Continuously improve the economic, (environmental and social) outcomes that our services deliver (*continuous improvement*).

- Investments which offer the best outcomes in terms of whole life value.
- Eliminate the concept of waste from construction projects.
- Increased focus on optimising material and plant use and even greater collaboration across providers and their supply chain.

Make innovation integral to

- Added value in the present and for the future

everything we do in search of sustainable solutions (*innovation*).

- by the adoption of sustainable and lean processes.
- A 'point of change' where assumptions, working methods, processes and supply chain collaborations should be tested, altered and possibly reinvented now.
- Good and efficient engineering solutions, making informed choices about materials and their whole life performance.

Environmental enhancement – living within environmental limits

Be a low footprint organisation, both in the services delivered and in workplace behaviours (*managing impacts*).

- Material resources with lower embodied carbon and water.
- Mitigate the negative impacts of roads and enhance the quality of the surrounding environment.
- Maximum energy conservation and energy efficiency.

Ensure the network is resilient to environmental (and societal) change (*adapting to change*).

- Solutions to the effects of climate change on our network and with society at large.
- Natural resource management which reacts to the stresses of dependence on finite resources.
- Contribution towards coherent ecological networks through soft estate investment and management.

Deliver sustainable and equitable outcomes (*responsive processes and standards*)

- Positive contributions towards human wellbeing and a better quality of life through the protection and enhancement of the environment.
- Increased environmental benefits over those we can achieve alone.
- The best practical environmental outcomes while working in the context of sustainable development and delivering value for money.

Working with society – ensuring a strong, healthy and just society

Be recognised as a leading organisation for sustainable approach (*taking ownership*)

- Suitable qualified/capable people from the widest talent pool.
- Cultures conducive to the engagement of the whole workforce.
- Supply chain to take the next incremental step in improving equality outcomes.

Agree common sustainability (social) goals with suppliers (*strong working partnerships*)

- No persons to suffer any harm as a result of their work for us.
- Flexible local partnerships to benefit road safety and local communities.

- *Suppliers* to ensure they align with our strategic priorities and encourage all levels of their supply chain to follow.

Deliver sustainable and equitable outcomes (*responsive processes and standards*)

- Commitment to fairness and equality in delivering projects and services.
- Engagement with communities neighbouring our network ensuring they play a full part in decisions that may affect their area.
- Reliable information to be accessible to road users at the time they need it.

ANNEX 10 – HEALTH AND SAFETY

Note: If a Health and Safety Submission is requested to be returned with a Package Order Submission, the tables below indicate the model requirements and how they will be assessed. The Employer will adjust these appropriately for each Package Order and insert those requirements into each brief. Suppliers must tailor their submission(s) specifically to each individual Package Order.

Table 1 Health and Safety Submission (*model*)

[Note: The *Employer* will tailor requirements to each Package Order and will add detail on requirements and assessment for Management of H&S at Work Regulations 1999 taking into consideration :

- the requirements of the Works Information / Package Order/ Brief• contract specific issues

Refer to “Managing health and safety in construction – Construction (Design and Management) Regulations 2007 Approved Code of Practice”, Health and Safety Executive ISBN 978 0 7176 6223 4]Role	Standard to be Achieved	Submission Requirements
	<i>[Insert appropriate text] [Identify issues specific to this scheme]</i>	<i>[Insert appropriate text] [Identify issues specific to this scheme]</i>
Principal Contractor	<i>[Core criteria as described in Appendix 4 of the CDM Regulations 2007 ACOP.] [Details on how organisation complies with ‘Management of H & S at Work Regulations 1999. Accreditation to BS OHSAS would be desirable.]</i>	<i>[The Health and Safety Submission shall set out the Duty Holders’ approach for each role under the Construction (Design and Management) Regulations to identify and address the health and safety aspects of the scheme bearing in mind the safety of the workforce and travelling public on a confined site with a high percentage of HGV traffic. Evidence shall be provided of the required competence to fulfil</i>
Contractors	<i>[Core criteria as described in Appendix 4 of the CDM Regulations 2007 ACOP].</i>	
<i>[Subcontractors]</i>		

[CDM Co-ordinator]		<i>the role and to demonstrate that the Supplier is able to deal with the key health and safety issues of the scheme.</i> <i>An organisation chart detailing how the Duty Holders interface under the CDM Regulation should be included with submission.]</i>
Designer	<i>[Core criteria as described in Appendix 4 of the CDM Regulations 2007 ACOP.]</i>	

Safety Objectives

The design of the works shall take account of the overall safety objectives for the scheme:

Road user safety objective: The Work Packages delivered under the CDF must satisfy the road user safety objective if it is demonstrated that for each Work Package for a period of 3 years after becoming fully operational that:

- the annual average number of Fatal and Weighted Injuries (FWI) casualties per year is no more than the national average FWI for the same type of asset over the same period;
- the rate of FWIs per billion vehicle miles per annum is no more than the national average FWI for the same asset type over the same period; and
- no specific population (e.g. car drivers, cyclists, pedestrians, HGV drivers, motorcyclists) is adversely affected in terms of safety.

Road worker safety objective: There is no numerical objective or target for road worker accidents for each Work Package and the risk must be managed in accordance with SFAIRP (So Far As Is Reasonably Practicable). The Highways Agency's "Aiming for Zero" strategy must be applied for further positive action to reduce the risk to road workers during maintenance and operation. One part of the strategy aims to eliminate all fatalities and serious injuries to road workers maintaining the Highways Agency's road network.

Construction Phase

It is essential that all aspects of the works comply with the minimum health and safety standards expected of consultant and contractors working on projects for the Highways Agency and with industry recognised best practices where applicable. The appointed Consultants or Principal Contractors will be required to demonstrate in both the Pre-Construction stage and in the Construction Phase Plan the proposed arrangements for establishing, monitoring and reviewing methods of working to ensure compliance with legislative standards.

In carrying out the works, the goals set out "Aiming for Zero" shall be followed and the following targets for health and safety are to be aimed for:

- ZERO cable strikes
- ZERO reportable accidents, or reportable incidents
- ZERO lost time incidents
- ZERO environmental pollution incidents

Details of measures which will be in place during the works are to be detailed in the Construction Phase Plan.

Table 2 – Assessment of Health & Safety Submission Model

[Note: Employer to insert appropriate entries according to the specific Package Order and ensure that this table matches the requirements defined in Table 1 of Annex 10]

Role	Requirement	Assessment Criteria
Principal Contractor	Core criteria as described in Appendix 4 of the CDM Regulations 2007 ACOP. Details on how organisation complies with 'Management of H & S at Work Regulations 1999. Accreditation to BS OHSAS would be desirable.	There is sufficient evidence of the required competence to fulfil the role. The proposed approach has identified the key health and safety risks with suitable measures described to manage the risks. The supporting evidence demonstrates that the <i>Supplier</i> is able to deal with the key health and safety issues of the scheme. Where there are shortfalls in previous experience, or there are risks associated with the Works which have not been managed before, an explanation of how these shortcomings will be overcome must provide confidence that these will be adequately managed.
Contractors	Core criteria as described in Appendix 4 of the CDM Regulations 2007 ACOP.	
Designer	Core criteria as described in Appendix 4 of the CDM Regulations 2007 ACOP.	
Principal contractor Contractors Designer	The Health and Safety Submission shall set out the Duty Holders' approach for each role under the Construction (Design and Management) Regulations to identify and address the health and safety aspects of the scheme bearing in mind the safety of the workforce and travelling public on a confined site with a high percentage of HGV traffic. Evidence shall be provided of the required competence to fulfil the role and to demonstrate that the <i>Supplier</i> is able to deal with the key health and safety issues of the scheme. An organisation chart detailing how the Duty Holders interface under the CDM Regulation should be included with submission.	

A Package Order with acceptable proposals for Health & Safety submission must meet all of the above criteria. A failure to meet any one or more of the criteria will result in the submission being found to be not acceptable.