



The Coal
Authority

Coal Authority

Operation and Maintenance Contract

Market Engagement Information

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1.1 *Executive Summary*

1.1.1 Who we are

The Coal Authority (CA) is a non-departmental public body and partner organisation of the Department for Energy Security and Net Zero (DESNZ) with a mission to make a better future for people and the environment in mining areas.

The Coal Authority manages the effects of past coal mining, including subsidence damage claims which are not the responsibility of licensed coal mine operators. It deals with mine water pollution from both coal and metal mines and other mining legacy issues.

The Coal Authority owns, on behalf of the country, the majority of the coal in Britain, and licenses coal mining. We use our skills to provide services to other government departments and agencies, local governments and commercial partners. We contribute to the delivery of the UK Government's Industrial Strategy and the environmental, social and economic priorities of the UK, Scottish and Welsh Governments. By sharing our knowledge and expertise we support them, and our partners, to create cleaner, greener nations for us all.

The Coal Authority currently has the capacity to treat 220 billion litres of mine water every year. Treating mine water has directly protected and improved over 350km of rivers, protects several important regional aquifers, enhances biodiversity and provides local amenity land. By treating the mine water we have prevented nearly 4,000 tonnes per year of iron solids and other pollutants entering watercourses or aquifers. Last year 89% of the iron solid waste was recycled or reused.

1.1.2 Legislative requirements of our organisation

Under the Coal Industry Act 1994, the Coal Authority may take such action as it considers appropriate for the purpose of preventing, or mitigating the effect of, the discharge of water from a coal mine into or on to any land or into any controlled waters. The Coal Authority also has additional powers to work on non-coal related mining issues.

The Coal Authority has obligations under the 1994 Act and Subsidence Act 1991 to investigate and settle claims in respect of coal mining subsidence damage arising outside designated areas of responsibility associated with licenses granted to coal mining operators. This can be in the form of subsidence pumping stations which control water on land affected by subsidence.

The Coal Authority also has a subsidence liability in respect of property which falls outside the parameters of the 1991 Act. Examples are certain buildings, rivers and drains within the scope of the Doncaster Drainage Act 1929, where the Authority has a liability to maintain pumping stations.

The Coal Authority must adhere to the relevant Water and Environmental Legislation applicable in the treatment of mine water.

1.1.3 Remit of this contract

In partnership with the Department for Energy Security and Net Zero (DESNZ), the Department for Environment, Food and Rural Affairs (DEFRA), the Environment Agency (EA), Scottish Environment Protection Agency (SEPA) and Natural Resources Wales (NRW), the Coal Authority delivers a program of mine water treatment and monitoring across England, Scotland and Wales, ensuring that the mine water is effectively treated before entering natural watercourses.

Operation and maintenance (O&M) of the Coal Authority's Mine Water Treatment Schemes (MWTS) and other legacy assets supports the Coal Authority's mission and is critical for the protection of drinking water aquifers and surface water bodies including rivers, lakes, and the sea.

The Coal Authority's MWTS prevent uncontrolled discharges of mine water and control mine water levels within the underlying mine water blocks. Data collected from these assets ensures performance and provides optimisation possibilities for existing schemes. The data informs management of current and future risk and provides the justification of the treatment parameters for the construction of new treatment schemes. The Coal Authority share this data along with data from monitoring points across the country with the regulators (EA, SEPA & NRW) to inform prioritisation of new MWTS and refurbishment of existing sites and to prove compliance with abstraction licences and discharge consents.

Legacy assets maintained by the Coal Authority include gas vent stacks which protect homes and schools from the toxic gases that accumulate in abandoned mine workings and tips which are regularly inspected to ensure their stability to prevent landslips from historic mining waste. There are also 10 Subsidence Pumping Stations (SPS) included that require maintenance to protect land and properties from flooding.

1.1.4 Current contract position

The O&M service is currently provided by Severn Trent Services Ltd contracted under New Engineering Contract 3rd revision (NEC3) Term Service Contract (TSC). This contract was awarded in 2014 and will expire on 30th June 2026.

The Coal Authority seeks to let a new O&M contract for the services required to ensure regulatory compliance and protect public safety.

1.2 Scope of Services

A summary of the scope and services is included below, a detailed Scope and appendices will be provided within the tender documents

1. Operational Scope

Operating c80 MWTS which include passive, gravity fed schemes, pumped schemes and active, chemically dosed solutions and pump stations which have no treatment requirements across England, Scotland and Wales. Ensuring regulatory compliance with abstraction and discharge consents, licences and permits, ultimately preventing mine water from polluting watercourses or land. Guaranteeing all statutory obligations are met.

2. Monitoring and Analysis

Maintenance and data collection from over 700 strategic monitoring points, providing the Authority with essential analytics to forecast future MWTS requirements and gauge the effectiveness of current schemes.

3. Critical Infrastructure Management

Ensuring the operability of subsidence pumping stations, which protect properties and agricultural land from potential flooding. The maintenance of a flood alleviation scheme

that safeguards a town (Brindley Ford, Stoke-on-Trent). Regular testing of two gas fan stations that mitigate the hazards posed by toxic gases in disused mines along with data collection and maintenance of gas vents. Asset maintenance for divert and diffuse solutions where watercourses are protected from diffuse pollution or diverted from it without treatment. Inspecting historic colliery tips for stability and security.

4. Reactive measures & 24/7 Support

Reactive, incident management capability that means any breakdown of equipment or site security issues are swiftly responded to and any outbreak of mine water is investigated and remedied. This includes a 24/7 on call operator service to respond to events which is critical in ensuring any mine water outbreaks are prevented and contained when they do occur. Due to the nature of water, the flow can change underground eroding structures overtime, enabling water to come to the surface. Sometimes this can be with considerable pressure when a blockage has suddenly been removed.

The description of the service will be:

“The service is to operate and maintain a portfolio of mine water treatment schemes, associated infrastructure, monitoring sites and other mining legacy assets or infrastructure as described in the Affected Property information.”

“The provision of services will generally consist of operation and planned preventative and reactive maintenance to the Affected Property as listed below:-

- a) buildings;
- b) mechanical and electrical plant;
- c) fire detection systems and firefighting plant;
- d) lifting equipment;
- e) dosing equipment including arranging and managing chemical deliveries;
- f) security and intruder systems;
- g) standby power systems;
- h) telemetry;
- i) supervisory control and data acquisition (SCADA);
- j) software capture to PLC's and HMI's
- k) CCTV;
- l) hard landscaping, including fencing, access roads and footpaths;
- m) soft landscaping, including grass cutting, shrub and tree removal;
- n) reducing alkalinity producing systems;
- o) settlement ponds;
- p) wetlands;
- q) control of asbestos
- r) water hygiene;
- s) statutory inspections, including,
 - i. NICEIC,
 - ii. PAT testing,
 - iii. lifting equipment testing and certification,
 - iv. pressure vessel testing and certification, and,
 - v. replacement and installation of signage;

and, any other services described in the Scope, specifications and other information provided by the *Client*."

1.3 Procurement Strategy

1.3.1 Route to market and Lotting strategy

The contract will be procured in accordance with the Public Contract Regulations 2015 (PCR15), ensuring transparency, fairness and the equitable treatment of all participating entities.

The procurement will be undertaken using the open tender procedure, allowing all eligible and interested providers to submit their proposals. This strategy aligns with best practices and maximises competition, potentially leading to more favourable terms and higher service quality.

Following market analysis and feedback from market engagement the opportunity will be offered across three lots to maximise the probability of the most beneficial outcome being delivered.

Lot 1 – South

Lot 2 – North

Lot 3 - National

Bidders will be invited to submit tenders for all lots that interest them and the **tender assessment will determine whether best overall value will be achieved by awards separately to Lot 1 and 2 or alternatively a Lot 3 submission.**

The Coal Authority reserve the right to award only the lots they deem appropriate for the works.

The map below shows the current allocation of assets into the regions with c40 sites in each.

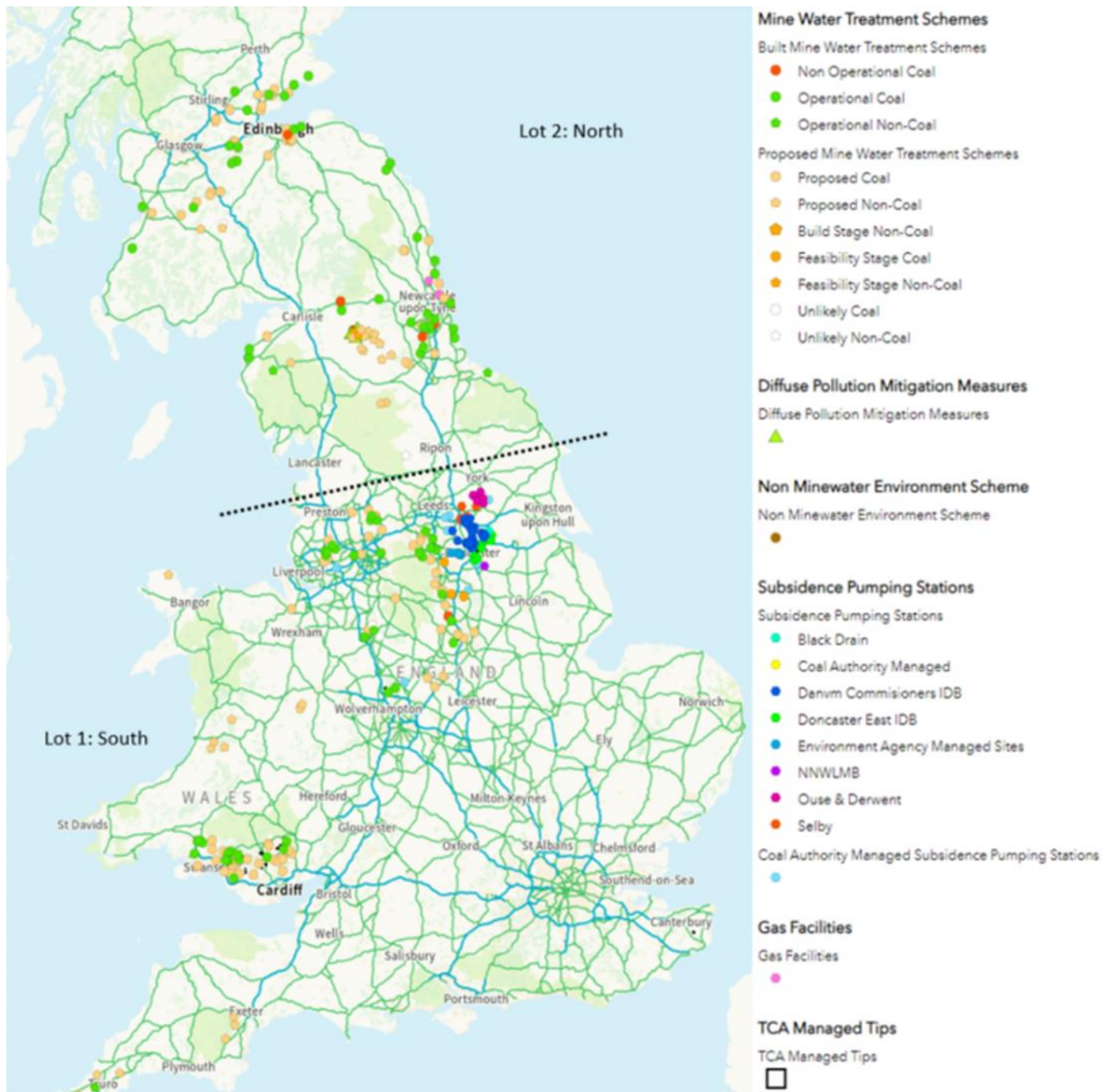


Figure 1 Coal Authority MWTS & Asset Location

The future growth in construction of MWTS will also be presented to the market in order to assess resources required over the next 15 years.

There will be offered **a contract page turn** as part of the tender process to explain the detail of the contract, Z clause amendments and key aspects of the Scope.

We will host a site visit for both regions to enable interested parties to physically see a sample of the MWTS and legacy assets.

1.3.2 Timeline

The timeline below includes appropriate time devoted to the approval process which includes government oversight bodies (DESNZ, Cabinet Office (CO), HM Treasury (HMT) and Projects and Infrastructure Committee (PIC))

Milestone	Month	Commentary
DESNZ / PIC / CO / HMT Approval	Mar-24	
Issue Tender Docs	Apr-24	Contract notices published on Find a Tender Service and Contracts Finder
Tenders Submission	Jul-24	15 weeks for Tenders, Q&A, Site visits
Tender Evaluation	Nov-24	15 weeks for scoring, due diligence and moderation
CA approval	Feb-25	3 months to draft Final Business Case & Recommendation
DESNZ / PIC / CO / HMT Approval	Jun-25	4 months for Government Assurance and Approval
Issue Award Letters / Award	Jul-25	2 week standstill period, then award
Execute Contract(s)	Aug-25	1 month to confirm contract data and formal signing
Contingency		1-2 months contingency
Contractor(s) Preparation	Oct-25	3 months for contractor to prepare pre-mobilisation
Contract(s) Commences	Jan-26	6 months Contract Mobilisation
Service Commences	Jul-26	Full Service Delivery starts

1.2.3 Evaluation Criteria

The Evaluation Criteria will be the same across all 3 lots, bidders will **only need to complete the Compliance Criteria via the Supplier Questionnaire on our procurement portal, InBye once for it to be valid on all lots they are bidding for with the exception of Financial and Economic Standing which has varied thresholds.**

Compliance Criteria:

In compliance with PPN 03/23 the standard selection questionnaire (SSQ) will be employed. Sections 1 and 2 will be adopted as standard and all questions from section 3 will be used with minor amendments to suit the specific nature of the procurement process but without altering the nature of the questions.

Bidders will be assessed on a pass/fail basis in the SSQ.

Upon receipt of the tenders the compliance review team will evaluate the responses across each lot and carry out the due diligence checks. The bids that pass the compliance criteria will then move on to the Technical and Commercial scored evaluation sections.

Social Value & Sustainability Criteria:

Our ambitious goals for Net Zero have been shared with the market through our Sustainability Plan and bidders will be required to submit responses on how they think we can achieve these together.

Social Value is scored as part of the strategic alignment section with a weighting of 12.5%, slightly above the guidance of 10% as PPN06/20 stipulates.

The weighting is to ensure clear focus and detailed strategies are presented in the tender on how the outcomes identified for the theme “Tackling Economic Inequality” can be met.

We have produced our Social Value Strategy and have / will share it with the market during early market engagement sessions as well as part of the tender pack.

1.2.4 Evaluation Scoring

Each question posed has ‘high scoring response criteria’ aligned with it to show bidders what the evaluation team are looking for to achieve a Meets Requirement score and indicate what is considered as an insight into responses that could be assessed as Added Value and also to provide evaluators with the criteria they need to ensure consistent and transparent scoring.

Scoring criteria guidance to be used includes the table overleaf:

Assessment	Detail	Score
Adds Value	The evaluators are satisfied that the submission demonstrates clearly and convincingly how the capacity and / or capability of the bidder in the area being evaluated not only meets requirements in an excellent way but adds value.	5
Meets Requirements	The evaluators are satisfied that the submission demonstrates how the capacity and / or capability of the bidder in the area being evaluated meets requirements to an acceptable standard.	4
Minor Concerns	The evaluators consider that the submission demonstrates how the capacity and / or capability of the bidder in the area being evaluated meets most of the requirements but that there are areas of minor concern.	3
Significant Concerns	The evaluators consider that the submission leaves them with significant concerns about how the capacity and / or capability of the bidder in the area being evaluated meets the requirements.	2
Unacceptable	Either <ul style="list-style-type: none">no submission made in relation to the area being evaluated,the evaluators consider that the submission fails to demonstrate how capacity / capability of the bidder meets the requirements for the area being evaluated, orthe evaluators have major reservations about the submission provided with regard to capacity and / or capability in relation to the area being evaluated.	0

We will be using a **Price per Quality Point (PPQP)** evaluation method for this tender as opposed to the more typical **Relative Pricing** or Percentage Allocation method.

Both methods aim to balance price and quality in different ways. The percentage allocation method offers more direct control over the balance between price and quality, while PPQP provides a unified measure of value by assessing the price for each quality point.

We have decided to use PPQP as recommended by the Cabinet Office and detailed in the **Sourcing Playbook Evaluation Guidance** having undertaken a review of this method with modelled examples to ensure the methodology is fully understood and the correct choice for the evaluation of our largest commercial agreement.

Most importantly we have chosen to adopt the PPQP model for this tender as it provides the highest level of transparency for bidders and moves away from the problematic elements of the Relative Pricing Model that are widely recognised within the procurement community namely that a bidders' final total tender score can be dependent upon the pricing submitted by a competitor.

The scores for technical and social value/sustainability "quality" criteria will be multiplied by the applicable weighting and totalled to provide the overall score for each tender submission.

The Bid Price will then be calculated by applying the relevant weightings to the individually priced elements. The Bid Price is then divided by the quality score to produce **a price per quality point. The lowest price for the highest quality will be selected as the leading bid for each lot.**

The quality scores for Lots 1 and 2 will be normalised to reflect the comparative scale of these lots compared to the combined regions in Lot 3 before the final comparison is made.

The leading bids with the lowest scoring (and therefore most advantageous) PPQP for lot 1 and 2 will then be combined to provide a comparative bid which will be assessed against the leading bid for lot 3.

When this comparison has been completed an award will be made to **either** Lots 1 and 2 **or** Lot 3 depending upon which PPQP outcome is lower

Two modelled examples are illustrated below as an indication of possible outcomes from this process.

The PPQP figures used here are purely illustrative and should not be taken as an indication of actual PPQP expectations for this tender:

Winning Contractor	Lot	PPQP	Combined PPQP
Supplier 5	1	£17,477.88	£19,318.37
Supplier 3	2	£21,158.85	
Supplier 1	3	£19,531.25	

In the example above Lots 1 and 2 will be awarded to suppliers 5 and 3 respectively and Lot 3 will not be awarded as the combined PPQP of the leading bids in Lots 1 and 2 are advantageous when compared to the PPQP of the leading bid in Lot 3

Winning Contractor	Lot	PPQP	Combined PPQP
Supplier 5	1	£17,477.88	£20,004.02
Supplier 6	2	£22,530.17	
Supplier 1	3	£18,554.69	

In the example above Lot 3 will be awarded to supplier 1 and Lots 1 and 2 will not be awarded as the PPQP of the leading bid in Lot 3 is advantageous when compared to the combined PPQP of the leading bids in Lots 1 and 2

1.2.5 Evaluation Process

Each bid is reviewed for each lot following the process outlined below:

Stage	Evaluation
1. Compliance	Each completed SSQ is reviewed with each question given a Pass/Fail score. Bids that have failed to meet the requirements will not be progressed to the next stage.
2. Technical	Each technical question completed is reviewed by the subject matter experts and scored independently of each other. A score between 0 and 5 is allocated. This score is multiplied by the weighting for that question to produce an overall Quality Score Moderation will take place to ensure that consensus is reached on the technical scores awarded.
3. Commercial	Each price submitted for each commercial criteria is weighted and then added together to give an overall tender price.
4. Evaluation Score	The Tender Price is divided by the Quality Score to produce a price per quality point. The Lowest PPQP is the recommended supplier for each lot to be compared.
5. Lot Comparison	The Lowest PPQP from lot 1 and the lowest from lot 2 will have their quality scores weighted by 40% & 60% retrospectively so as to normalise comparison with Lot 3 and added together to produce an overall quality score. Their bid prices will be added together and divided by the combined quality score. This PPQP is compared with lot 3.
6. Small Margin of Victory and Tie Breaks	Where leading PPQP scores differ by 0.50% or less, a review will be undertaken by senior stakeholders within the Authority to assure the outcome.

	<p>Calculation of PPQP will be made to £x.xx with rounding up applying if the third digit after the point is 5 or above and rounding down if below 5.</p> <p>Should a tie occur a ten stage tiebreaker has been defined and the submission with the first higher comparable score when the responses to these questions are compared in the order defined by the tiebreaker will be deemed successful.</p>
7. Award Recommendation	The lowest PPQP combined bid for lot 1 plus lot 2 is compared to the lowest PPQP for lot 3 and the overall lowest PPQP will be recommended for the contract award.

1.4 Contract Details and Key Terms

1.4.1 Contract Model

The chosen contract for the service is the NEC4 Term Service Contract. This is viewed as most appropriate for the works required due to its widespread use within the market, its clear goals of mutual trust and co-operation, the Coal Authority's experience of managing the contracts and the standardisation of contracts across the Coal Authority.

NEC4 has several improvements when compared to NEC3, therefore the Coal Authority are using the most up to date version of the contract.

The detailed X clauses chosen and Z clauses drafted will be provided with the tender documentation.

1.4.2 Contract Length

Multiple durations for the contract have been considered. The Coal Authority considered a different duration and structure than the current contract and discussed alternative options during early market engagement sessions.

Reflecting on the lessons learnt from the current contract, combined with market engagement has led to putting in place a term of eight years for the initial contract with a seven year extension option to a total of fifteen years.

We believe this term to provide the appropriate balance that will prove attractive to the market and enables both the contractor(s) and Coal Authority to invest in the success of the contract.

The extension option will be invoked at least 2 years in advance, due to the procurement timeframes involved in a contract of this size.

In order for a contractor to be extended, their performance must have been successful, this is measured by annual KPI scores, the contractor(s) must score over 75% as an annual average for the previous 2 years and have not caused any pollution or public safety incidents in the previous 2 years.

A re-procurement would be considered if contractor(s) is/ are underperforming or, alternatively if there is a significant change in government approach to managing the legacy from mining, which is considered unlikely.

1.5 Contract mobilisation / implementation

The contract will be structured in order for the incoming contractor(s) to have a 6 month mobilisation period and define the start of the service period as 1st January 2026, so that by 1st July 2026 when they take over management of the sites, they will have embedded all the local knowledge, operators will be transitioned, supply chain will be in place and activities will seamlessly continue.

They will receive monthly payments for the duration of the mobilisation period in order to support their cash flow and any sub-contractors can be promptly paid.

1.6 Social Value Approach

The Coal Authority is committed to making a better future for people and the environment in mining areas. Taking an evidence based approach and recognising the importance of social sustainability, social mobility and the identities of former coal mining communities.

For this reason, as well as the significant value of the contract, The Coal Authority have decided to apply an overall >10% weighting to Social Value. There shall be one question, under the 'Tackling Economic Inequality' theme from the Social Value Model, applied to the O&M contract which incorporates a wide variety of criteria.

This will provide Bidders with the opportunity to propose social value initiatives which they believe best support the social value priorities and criteria selected by The Coal Authority. Below outlines the chosen criteria under each social value question and its respective weighting.

Theme - Tackling Economic Inequality

Policy Outcome - Create new businesses, new jobs and new skills

Tender Weighting 12.5%

Bidders' social value initiatives will be required to align with one or more of the documented criteria within the area above and deliver long-term impact beyond the duration of the contract.

In ensuring that unnecessary burdens are not placed on commercial teams or suppliers the Coal Authority are taking a flexible approach to the ongoing delivery of Social Value across the life span of the contract, recognising that significant changes can occur socially, across policy and business practice over a 5 year plus time period.

The Social Value question which will be published in the tender includes full details on the selected Theme, Policy Outcomes, Model Award Criteria, Sub-Criteria and Reporting Metrics applied within this contract and have been extracted and tailored using the Social Value Model (PPN/06/20).