



# **National Highways Limited**

## **Scheme Delivery Framework (SDF)**

### **Framework Information**

#### **Appendix 15**

##### **Allocation Procedure**

### CONTENTS AMENDMENT SHEET

<b>Issue. No.</b>	<b>Revision No.</b>	<b>Amendments</b>	<b>Initials</b>	<b>Date</b>
0	0	Contract Issue	AJP	Sept 21

<b>1.0</b>	<b>Package Orders and Work Orders Allocation Procedure</b>
1.1.1	The following procedure will determine how <i>Suppliers</i> are allocated Package Orders and Work Orders under the Framework Contract.
1.1.2	The procedure for awarding Package Orders and Work Orders under the Framework Contract is <ul style="list-style-type: none"> <li>• Value Allocation followed by</li> <li>• Work Allocation</li> </ul>
1.1.3	For the purposes of this Appendix 15 <p>(a) a “financial year” is a period from 1 April to 31 March during the term of the Framework Contract; and</p> <p>(b) the “forward programme of work” comprises the Package Orders and Work Orders which the <i>Client</i> expects to instruct during a financial year (or a shorter period in accordance with paragraph 1.1.5 below)</p> <p>(c) Contract Management Points are points awarded to a <i>Supplier</i> by the <i>Client</i> arising from the <i>Supplier’s</i> poor performance of work contained in a Package Order or Work Order in accordance with <a href="#">Appendix 4</a> of the Framework Information.</p>
1.1.4	The <i>Client</i> will use reasonable endeavours to complete Value Allocation and Work Allocation at least one month prior to of the commencement of each financial year, allowing sufficient time for the <i>Suppliers</i> to whom the work is allocated to commence it on 1 April.
1.1.5	At the commencement of the Framework Contract Value Allocation and Work Allocation shall apply for the period from the Start Date of the Framework Contract until 31 March in the following calendar year. In the final year of the Framework Contract Value Allocation and Work Allocation shall apply for the period from 1 April until the conclusion of the Framework Contract.
<b>1.2</b>	<b>Value Allocation Procedure</b>
1.2.1	In each financial year (or part thereof) Value Allocation allocates a percentage by value of the Package Orders or Work Orders included in the forward programme of work between the <i>Suppliers</i> on each sub lot in the manner described below.
<b>1.3</b>	<b>Value Allocation in First Financial Year (or part Financial Year)</b>

1.3.1	<p>Unless paragraphs 1.5.1 and 1.5.2 apply (and a <i>Supplier</i> is ineligible to receive work), for each sub lot the Value Allocation percentage division of Package Orders and Work Orders for the forthcoming financial year by value between the <i>Suppliers</i> is as set out in the tables in paragraphs 1.3.2 - 1.3.6 below. The <i>Supplier</i> awarded the first place on the sub lot in accordance with the Tender Assessment Procedure described in section 7 of the Invitation to Tender is called Supplier 1 and, for those sub-lots where a second Supplier is appointed (as indicated in paragraphs 1.3.2 – 1.3.6 below), the Supplier awarded second place on the sub lot is called Supplier 2.</p>												
1.3.2	<p>At least one month prior to the commencement of each financial year the <i>Client</i> will, with regard to the forward programme of work, allocate Package Orders and, where possible, Work Orders to each sub lot. Where a scope of work applies to more than one sub lot (for example General Civils in Lots 1.1 and 1.2) the division of work between them will typically be 80% by value to the super region and 20% by value to the region (as far as reasonably possible given the different values of Package Orders and Work Orders).</p>												
1.3.3	<p><b><u>Sub lots in Lots 1.1, 3.1 and 4.1</u></b></p> <table border="1" data-bbox="450 1081 1358 1330"> <thead> <tr> <th data-bbox="450 1081 884 1151">Supplier:</th> <th data-bbox="884 1081 1099 1151">Applicable to Lots</th> <th data-bbox="1099 1081 1358 1151">% of available work allocated</th> </tr> </thead> <tbody> <tr> <td data-bbox="450 1151 884 1220">Supplier 1 (super region) sub lot</td> <td data-bbox="884 1151 1099 1220">1.1, 3.1, 4.1</td> <td data-bbox="1099 1151 1358 1220">62.5%</td> </tr> <tr> <td data-bbox="450 1220 884 1290">Supplier 2 (super region) sub lot</td> <td data-bbox="884 1220 1099 1290">1.1, 3.1, 4.1</td> <td data-bbox="1099 1220 1358 1290">37.5%</td> </tr> <tr> <td data-bbox="450 1290 884 1330"></td> <td data-bbox="884 1290 1099 1330"><b>Total</b></td> <td data-bbox="1099 1290 1358 1330"><b>100%</b></td> </tr> </tbody> </table> <ul data-bbox="497 1391 1390 1697" style="list-style-type: none"> <li>• For Lot 1.1, 3.1, and 4.1, Supplier 1 in each sub lot is allocated 62.5% of the value of the Package Orders and Work Orders for the super region contained in the forward programme of work for that sub lot for the forthcoming financial year</li> <li>• For Lot 1.1, 3.1, and 4.1, Supplier 2 in each sub lot is allocated 37.5% of the value of the Package Orders and Work Orders for the super region contained in the forward programme of work for that sub lot in the forthcoming financial year.</li> </ul>	Supplier:	Applicable to Lots	% of available work allocated	Supplier 1 (super region) sub lot	1.1, 3.1, 4.1	62.5%	Supplier 2 (super region) sub lot	1.1, 3.1, 4.1	37.5%		<b>Total</b>	<b>100%</b>
Supplier:	Applicable to Lots	% of available work allocated											
Supplier 1 (super region) sub lot	1.1, 3.1, 4.1	62.5%											
Supplier 2 (super region) sub lot	1.1, 3.1, 4.1	37.5%											
	<b>Total</b>	<b>100%</b>											

<p>1.3.4</p>	<p><b><u>Sub lots in Lots 1.2, 3.2, and 4.2</u></b></p> <table border="1" data-bbox="451 349 1366 528"> <thead> <tr> <th data-bbox="451 349 743 416">Supplier:</th> <th data-bbox="743 349 1099 416">Applicable to Lots</th> <th data-bbox="1099 349 1366 416">% of available work allocated</th> </tr> </thead> <tbody> <tr> <td data-bbox="451 416 743 483">Supplier 1 (regional) sub lot</td> <td data-bbox="743 416 1099 483">1.2, 3.2, 4.2</td> <td data-bbox="1099 416 1366 483">100%</td> </tr> <tr> <td data-bbox="451 483 743 528"></td> <td data-bbox="743 483 1099 528"><b>Total</b></td> <td data-bbox="1099 483 1366 528"><b>100%</b></td> </tr> </tbody> </table> <p>For Lot 1.2, 3.2, and 4.2, Supplier 1 in each sub lot is allocated 100% of the value of the Package Orders and Work Orders for the region contained in the forward programme of work for that sub lot in the forthcoming financial year.</p>	Supplier:	Applicable to Lots	% of available work allocated	Supplier 1 (regional) sub lot	1.2, 3.2, 4.2	100%		<b>Total</b>	<b>100%</b>
Supplier:	Applicable to Lots	% of available work allocated								
Supplier 1 (regional) sub lot	1.2, 3.2, 4.2	100%								
	<b>Total</b>	<b>100%</b>								
<p>1.3.5</p>	<p><b><u>Sub lots in Lot 2 and in Lot 11 with 1 Supplier</u></b></p> <p>The <i>Supplier</i> awarded any sub lot within Lot 2 (Drainage) or, where there is only one <i>Supplier</i> within a sub lot in lot 11 (Cathodic Protection), is allocated 100% of the Package Orders and Work Orders contained in the forward programme of work for that sub lot in the forthcoming financial year.</p>									
<p>1.3.6</p>	<p><b><u>Sub lots Lot 5, 6, 7, 8, 9, 10, and in Lot 11 with 2 Suppliers</u></b></p> <p>Package Orders and Work Orders for all sub lots within Lot 5 (Landscape and Ecology), Lot 6 (Road Markings), Lot 7 (Road Lighting and Electrical Works), Lot 8 (Structures Waterproofing and Expansion Joints), Lot 9 (Technology, Structures, Structural Services) and Lot 10 (Concrete Repairs), or where there are two <i>Suppliers</i> within a sub lot in Lot 11 (Cathodic Protection) will be allocated on the following basis:</p> <ul style="list-style-type: none"> <li>• Supplier 1 will be allocated 60% by value of the Package Orders and Work Orders contained in the forward programme of work for that sub lot for the forthcoming financial year.</li> <li>• Supplier 2 will be allocated 40% by value of the Package Orders and Work Orders from the forward programme of work for that sub lot for the forthcoming financial year.</li> </ul>									
<p>1.3.7</p>	<p><b><u>Sub lots in lots 12.1 and 12.2</u></b></p> <p>Package Orders and Work Orders for sub lots within Lot 12 (Design) will be allocated on the following basis:</p> <ul style="list-style-type: none"> <li>• Supplier 1 will be allocated 60% by value of the Package Orders and Work Orders contained in the forward programme of work for those sub lots for the forthcoming financial year.</li> <li>• Supplier 2 will be allocated 40% by value of the Package Orders and Work Orders contained in the forward programme of work for those sub lots for the forthcoming financial year.</li> </ul>									

1.4	Value Allocation in the Second and Subsequent Financial Years
1.4.1	Unless paragraphs 1.5.1 – 1.5.2 apply (and a <i>Supplier</i> is ineligible to receive work) the percentage allocation of Work Orders and Package Orders between the <i>Suppliers</i> on each sub lot in the first financial year (or part financial year) determined by Value Allocation will continue to apply in the second and subsequent financial year(s) of the Framework Contract.

1.5	Supplier Ineligibility
1.5.1	<p>If prior to the commencement of any financial year (or part financial year) a <i>Supplier</i> has</p> <ul style="list-style-type: none"> <li>(a) failed to implement the actions contained in a warning notice from the <i>Client</i> requiring the <i>Supplier</i> to reduce the number of Contract Management Points awarded to the <i>Supplier</i> to below 100; or</li> <li>(b) failed to achieve any of the criteria in paragraph 1.7</li> </ul> <p>it will be ineligible to be allocated any new Work Orders or Package Orders under the Framework Contract in the following financial year (but it may complete any Package Orders or Work Orders already awarded).</p>
1.5.2	<p>The <i>Supplier's</i> ineligibility to receive new Package Orders or Works Orders under the Framework Contract will continue until</p> <ul style="list-style-type: none"> <li>(a) the <i>Supplier</i> has implemented the actions in the warning notice issued by the <i>Client</i>;</li> <li>(b) the number of Contract Management Points awarded to it by the <i>Client</i> has reduced to below 100; and</li> <li>(c) it achieves all the criteria in paragraph 1.7</li> </ul> <p>after which it will again become eligible to be allocated Work Orders of Package Orders under the Framework Contract, commencing from the start of the first financial year after all the conditions in sub paragraphs (a) – (c) of this paragraph 1.5.2 have been met.</p>
1.5.3	<p>If a <i>Supplier</i> is ineligible to be allocated Package Orders or Work Orders due to the operation of paragraphs 1.5.1 and 1.5.2, the procedure in paragraphs 1.6.1 - 1.6.3 will apply in order to reallocate the work that <i>Supplier</i> would otherwise have been allocated.</p>

1.6	<b>Procedure for Reallocating Package Orders and Work Orders Whilst a Supplier is Ineligible</b>
1.6.1	<p>If a <i>Supplier</i> is ineligible to be allocated Package Orders or Work Orders under the Framework Contract during any financial year due to the operation of paragraphs 1.5.1 and 1.5.2, the Package Orders or Work Orders which would have been allocated to that <i>Supplier</i> during that financial year will be allocated to the remaining <i>Supplier</i> awarded a place on the ineligible <i>Supplier's</i> sub lot.</p>
1.6.2	<p>If there is no other <i>Supplier</i> on the ineligible <i>Supplier's</i> sub-lot, or that remaining <i>Supplier</i></p> <ul style="list-style-type: none"> <li>(i) declines to take on the ineligible all/a certain percentage of the ineligible <i>Supplier's</i> work;</li> <li>(ii) is itself ineligible due to the operation of paragraphs 1.5.1 and 1.5.2; or</li> <li>(iii) in the reasonable opinion of the <i>Client</i> has insufficient resources to carry out the entire percentage of work within the time that the <i>Client</i> requires</li> </ul> <p>the <i>Client</i> will allocate the percentage of the ineligible <i>Supplier's</i> work which is not allocated to the remaining <i>Supplier</i> for that subplot, to the <i>Supplier/Suppliers</i> on the sub lot geographically closest to the location of the highest value Package Order or Work Order which would otherwise have been allocated to the ineligible/remaining <i>Supplier</i> (the "Closest Sublot").</p>
1.6.3	<p>Where paragraph 1.6.2 applies and the Closest Sublot has two <i>Suppliers</i>, the Package Orders and Work Orders will be allocated to the <i>Suppliers</i> pro rata to those <i>Suppliers' Value Allocation</i> for that financial year.</p>



1.7	<b>Supplier Ineligibility Criteria</b>
1.7.1	<p>For the purposes of paragraph 1.5.1(b) a <i>Supplier</i> is ineligible to be awarded any Package Contract or Work Contract in any financial year if prior to the start of that financial year any of the following circumstances apply</p> <ul style="list-style-type: none"> <li>• the mandatory exclusion tests in the Selection Questionnaire are reapplied to the <i>Supplier</i> and the <i>Supplier</i> fails one or more of them;</li> <li>• the tests of economic and financial standing in the Selection Questionnaire are repeated annually using updated information (which shall be provided by the <i>Supplier</i>) and the <i>Supplier</i> fails one or more of them and is unable to provide a parent company guarantee or other form of security in a form acceptable to the <i>Client</i>;</li> <li>• the <i>Supplier</i> has scored less than 6 on any of the <i>Client</i>'s CPF performance metrics and has not submitted an improvement plan to the <i>Client</i> which the <i>Client</i> has accepted,</li> <li>• the <i>Supplier</i> has scored less than 6 on any of the <i>Client</i>'s CPF health and safety performance metrics and has not implemented a remediation plan issued by the <i>Client</i>;</li> <li>• a RIDDOR incident has occurred, or an Enforcement Action has been brought by the Health and Safety Executive in respect of a contract to which the <i>Supplier</i> is a party and: <ul style="list-style-type: none"> <li>○ where the contract is with the <i>Client</i>, the <i>Supplier</i> has not agreed a remediation plan with the <i>Client</i> or</li> <li>○ where the contract is not with the <i>Client</i>, the <i>Supplier</i> has not demonstrated to the <i>Client</i>'s satisfaction that adequate measures have been put in place to ensure that the incident or action will not recur.</li> </ul> </li> <li>• the <i>Supplier</i> has failed to operate an accepted quality management system and Quality Plan as required by the Framework Contract within 12 months of the Framework Contract Date; or,</li> <li>• the <i>Supplier</i> is subject to a <i>Client</i> Consult Notice.</li> </ul>

1.8	Work Allocation
1.8.1	Following notification by the <i>Client</i> to each <i>Supplier</i> of their respective Value Allocation for the forthcoming financial year the <i>Client</i> may amend the distribution of the Package Orders or Work Orders intended to be allocated by that Value Allocation. This reallocation of work between <i>Suppliers</i> by the <i>Client</i> is Work Allocation.
1.8.2	Work Allocation will occur where the <i>Client</i> agrees with a <i>Supplier</i> to whom a Package Order or Work Order would have been allocated under Value Allocation (after receiving a request from that <i>Supplier</i> ) that reallocating a particular Package Order or Work Order from that <i>Supplier</i> to another within the same sub lot will allow that Package Order or Work Order to be delivered in accordance with the timetable in the forward programme of work having regard to the respective resources available to the <i>Suppliers</i> gaining or relinquishing that Package Order or Work Order.
1.8.3	If Work Allocation occurs the percentage division of work between the <i>Suppliers</i> on the sub lot determined by Value Allocation in accordance with paragraphs 1.3.1 – 1.3.7 may be varied during the financial year commencing after the Work Allocation has occurred. In subsequent financial years the Value Allocation will be reinstated unless a further Work Allocation is applied by the <i>Client</i> for the reason and using the procedure described in paragraph 1.8.2.
1.8.4	If the <i>Client</i> considers (after consultation with all the <i>Suppliers</i> on a sub lot) that none of them has sufficient resources to perform a particular Package Order or Work Order within the time or for the price that the <i>Client</i> requires the <i>Client</i> may use Work Allocation to reallocate that Package Order or Work Order to an alternative <i>Supplier</i> on a different sub lot, provided that the Scope for the two sub lots is the same. If the Package Order or Work Order is reallocated to a sub lot containing more than one <i>Supplier</i> it will be allocated to the <i>Supplier</i> with the highest Value Allocation.

<b>1.9</b>	<b>Other Selection</b>
1.9.1	Where it is necessary for two or more <i>Suppliers</i> to work jointly on a Scheme including one or more of the Package Orders or Work Orders allocated to them the <i>Client</i> will appoint one of the <i>Suppliers</i> as the principal contractor, whose scope of services for their subplot includes the role of principal contractor. Where more than one of the <i>Suppliers</i> may act as principal contractors (based on the scope of services for their subplot) the decision as to who will be appointed as principal contractor will be based on who can comply with the CDM Regulations most effectively.
1.9.2	The <i>Client</i> will instruct Community duties to all <i>Suppliers</i> .
1.9.3	The <i>Client</i> will instruct Mobilisation duties to all <i>Suppliers</i> from the start of the Framework Contract.
<b>1.10</b>	<b>Unplanned Additional Work</b>
1.10.1	Where work arises in a financial year that was not included in the forward programme of work it will be allocated to the <i>Suppliers</i> on the relevant subplot (except any that have become ineligible to receive work by virtue of the operation of paragraphs 1.5.1 – 1.5.2) pro rata to their Value Allocation. Work Allocation may be applied to the allocation of any such additional work in accordance with the procedure in paragraph 1.8.2. Where none of the <i>Suppliers</i> on the relevant sub lot are eligible to be allocated the additional work the provisions of paragraph 1.8.4 will apply.

<b>1.11</b>	<b>Rapid Response Work</b>
1.11.1	This paragraph applies to works needing to be done because of an emergency or urgent situation (and so not included in the forward programme of works) and which require rapid response (“rapid response work”). Rapid response work will be offered to Supplier 1 or (where relevant) Supplier 2 on the relevant sub lot at the <i>Client’s</i> discretion having regard to factors such as the respective <i>Suppliers’</i> comparative speed of response and resource availability in order to attend the site and complete the rapid response work (which may be safety critical) within the time required.
1.11.2	If having consulted the <i>Suppliers</i> on the sub lot (or used reasonable endeavours to do so in case of extreme urgency) the <i>Client</i> considers none of them are able to complete the rapid response work within the time required the <i>Client</i> may directly award it to another <i>Supplier</i> (whether one that has been admitted to the Framework Contract or otherwise) where the circumstances permitting the use of the negotiated procedure without prior publication of a contract notice in regulation 32(2)(c) of the Public Contracts Regulations 2015 apply.
<b>1.12</b>	<b>Quotation Procedure</b>
1.12.1	Once a Package Order has been issued to the <i>Supplier</i> , the <i>Supplier</i> provides a quotation in accordance with the quotation procedure set out in this section for any proposed Work Order.
1.12.2	When the <i>Client</i> requires a quotation for any proposed Work Order, the <i>Client</i> will issue to the <i>Supplier</i> an ECC Work Brief (Lots 1 to 11) or a PSC Work Brief (Lot 12), consisting of: <ul style="list-style-type: none"> <li>• the scheme(s) details,</li> <li>• the additional Contract Data Part 1,</li> <li>• the Scope,</li> <li>• the Site Information,</li> <li>• the pricing document,</li> <li>• the proposed payment mechanism, and</li> <li>• matters required to be included within the Early Warning Register</li> </ul>
1.12.3	The <i>Supplier</i> provides a quotation in accordance with the Work Brief within two weeks, or any other period specified by, or agreed with, the <i>Client</i> . The quotation is calculated in accordance with Section 4.1 of the ECC Scope

	<p>(Lots 1 to 11) or 4.1 of the PSC Scope (Lot 12) and in the form of the pricing document provided. The <i>Supplier</i> also provides;</p> <ul style="list-style-type: none"> <li>• Additional Contract Data Part 2, and</li> <li>• any additional documentation as requested to be submitted as part of the Work Brief.</li> </ul>
<p>1.12.4</p>	<p>The <i>Client</i> may assess the quotation for a Work Order if:</p> <ul style="list-style-type: none"> <li>• the <i>Supplier</i> does not submit a quotation within the period specified by the <i>Client</i> in accordance with paragraph 1.12.3 or</li> <li>• the <i>Client</i> decides that the <i>Supplier</i> has not calculated the quotation correctly in accordance with paragraph 1.12.3 and does not instruct the <i>Supplier</i> to submit a revised quotation.</li> </ul> <p>The <i>Client</i> notifies the <i>Supplier</i> of the assessment of the quotation and gives the <i>Supplier</i> details of it within the same period agreed for the <i>Supplier's</i> provision of the quotation (see paragraph 1.12.3). This period starts when the need for the <i>Client's</i> assessment of the quotation becomes apparent.</p>
<p>1.12.5</p>	<p>Upon either acceptance of the <i>Supplier's</i> quotation or following an assessment made in accordance with Clause 1.12.4, the <i>Client</i> issues the ECC Work Order (Lots 1 to 11) or PSC Work Order (Lot 12) to the <i>Supplier</i>, detailing:</p> <ul style="list-style-type: none"> <li>• the scheme(s) details,</li> <li>• the additional Contract Data,</li> <li>• the proposed payment mechanism for the Work Order,</li> <li>• the total of the Work Order and,</li> <li>• the <i>Client's</i> authorisation.</li> </ul>