



Midland Rail Hub

Market Engagement – Supplier Briefing Session

21st June 2022

The session will begin at 10:00

Today's Agenda

10:00 Welcome – Adam Walsh, Programme Procurement Manager

10:05 Introduction & Objectives – Kevin Swarbrick, Head of Business Development

10:10 MRH Scope – Aiden Martin, Senior Programme Development Manager

10:25 MRH Procurement Strategy – Chris Grainger, Lead Procurement Consultant

10:30 MRH Commercial Strategy – Tom Unwin, Lead Commercial Consultant

10:35 Next Steps – Adam Walsh, Programme Procurement Manager



Welcome

Adam Walsh, Programme Procurement Manager

A vertical decorative graphic on the left side of the page, consisting of a series of blue and white rectangular blocks arranged to resemble a railway track.

Welcome

PLEASE NOTE THAT THIS IS NOT A CALL FOR COMPETITION.

The purpose of this event is for Network Rail to provide you with an overview of the Midlands Rail Hub (MRH) programme and to test and validate some of the strategic themes and assumptions around its proposed procurement and commercial strategies.

There is no guarantee that any information acquired by Network Rail in this event will play any part whatsoever in any decision by Network Rail relating to how, or if, the Midlands Rail Hub will be procured. However, Network Rail believe that by engaging early with our supply chain, we will increase the likelihood of success of any future procurement.

Following this briefing session we will be issuing a Market Sounding Questionnaire (MSQ) with a four week response window.

We will not be holding a Q&A within this briefing session but will include for a clarification window within the MSQ process to answer questions relating to the scope of this market engagement. The full clarification log will then be issued to all organisations who have registered an interest in this engagement.



Introduction & Objectives

Kevin Swarbrick, Head of Business Development

Introduction to Midlands Rail Hub

A high level introduction to the Midlands Rail Hub, including its strategic objectives, is provided below.

Introduction

Midlands Rail Hub is a programme of infrastructure Projects that together will transform rail travel across the East and West Midlands and towards the Southwest. It's outputs of up to 12 additional services per hour between central Birmingham and key cities and transport hubs across the region will provide a step-change in connectivity, economic growth and job creation.

The MRH programme supports numerous Rail Industry Strategies including Network Rail's, Midlands Connect's and West Midlands Rail Executive's as well as the Levelling Up agenda, Union Connectivity and the Integrated Rail Plan.

Strategic Objectives

The Strategic Objectives of MRH are to:

- Boost the economic growth of the Midlands and the UK
- Improve access to jobs, leisure, healthcare, and education
- Optimise the utilisation of station capacity in central Birmingham
- Offer improved interchange with future HS2 services at Curzon Street
- Allow increased flexibility and changes to the routing of existing services
- Make rail journeys more attractive and encourage modal shift to rail

Midlands Rail Hub: the strategic outcomes

The proposed Midlands Rail Hub programme aims to improve rail connectivity and boost economic growth across the Midlands and towards the South-West through a series of infrastructure interventions across the region.

Infrastructure intervention



Interventions include:

- 2 new platforms
- 4 platform reinstatements
- 1 new siding
- 2 sidings extensions
- Up to 2 new chords
- Viaduct widening
- 5 new buffer stops
- Power supply upgrades
- New OLE
- New freight loops
- 285 SEUs



Increased rail connectivity through additional services

Route	Additional tph
Birmingham to Bristol	+1 tph
Birmingham to Cardiff	+1 tph
Birmingham to Hereford	+1 tph
Birmingham to Lichfield	+2 tph
Birmingham to Redditch	+1 tph
Birmingham to Bromsgrove	+1 tph
Birmingham to Stoke-on-Trent	+1 tph
Birmingham to Wolverhampton via Aston	+2 tph
Birmingham to Leicester	+2 tph
Birmingham to...	+12 tph



MRH Scope

Aiden Martin, Senior Programme Development Manager

The infrastructure interventions: Central & South-West corridor

The accelerated interventions plus three further interventions in the Central and SW corridor collectively realise up to an additional 10 tph. We are in contract with Mott Macdonald (“MM”) to deliver PACE ES 3 for the Central & SW and accelerated interventions. MM are also remitted to deliver AiP for Snow Hill.

Bordesley to Moor St:

Scope (ES4-8):

- Up to two new chords
- Increase line capacity to six-track
- Up to 2 new + 1 reinstated platform at BMO
- 1 new siding at BMO
- Possible TWAO consents support
- Contract award: Apr 24
- EiS: Nov 2029

Anticipated final cost:

£896m (excl. land purchase)

Discipline:

Track	20%	Signalling	20%
B&C	55%	E&P	5%

Stoke Works Junction:

Scope (ES4-8):

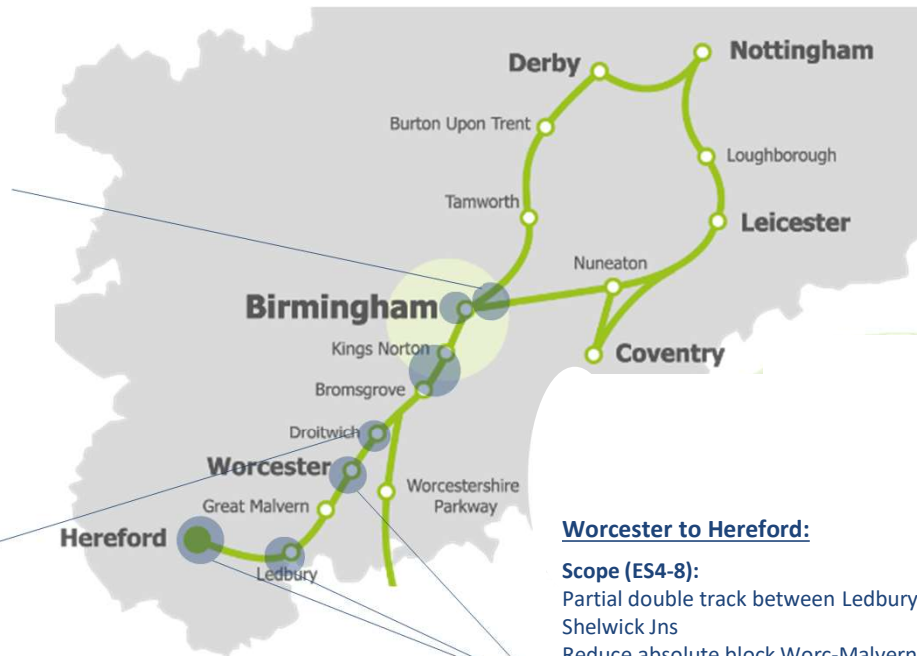
- Increased line speed over Stoke Works Junction
- Contract award: Apr 24
- EiS: Nov 2029

Anticipated final cost:

£78m

Discipline:

Track	55%	Signalling	35%
B&C	5%	E&P	5%



Worcester to Hereford:

Scope (ES4-8):

- Partial double track between Ledbury and Shelwick Jns
- Reduce absolute block Worc-Malvern
- Provide Malvern Wells turnback
- Contract award: Apr 24
- EiS: Nov 2029

Anticipated final cost:

£260m

Discipline:

Track	30%	Signalling	60%
B&C	10%	E&P	-%

Infrastructure Interventions

Business Case	Intervention	AFC
Accelerated 1	Snow Hill	£70m*
Accelerated 2	Kings Norton to Barnt Green	£254m*
	Bordesley to Moor Street	£896m**
Central & SW	Worcester to Hereford	£260m*
	Stoke Works Junction	£78m*
TOTAL		
* AFC is subject to updated and assured OBC cost plans		
** Excludes land purchase costs		

The infrastructure interventions: East Midlands corridor

The East Midlands corridor interventions collectively realise two additional tph from Birmingham to Leicester. We plan to procure OBC (PACE ES3) multi-disciplinary design of the East Midlands interventions through the DSF in June '22.

4-aspect signalling:

Scope (ES4-8):

4 aspect signalling between Wigston and Nuneaton to improve headways

Contract award: Apr 24
EiS: Nov 2029

Anticipated final cost:

£93m

Discipline:

Track	-%	Signalling	75%
B&C	5%	E&P	20%

Water Orton:

Scope (ES4-8):

Capacity increase in junction area including track and signalling works and platform alterations

Contract award: Apr 24
EiS: Nov 2029

Anticipated final cost:

£124m

Discipline:

Track	40%	Signalling	30%
B&C	15%	E&P	15%



Wigston freight loops:

Scope (ES4-8):

2 static freight loops (one on up and one on down) between Wigston and Nuneaton

Contract award: Apr 24
EiS: Nov 2029

Anticipated final cost:

£50m

Discipline:

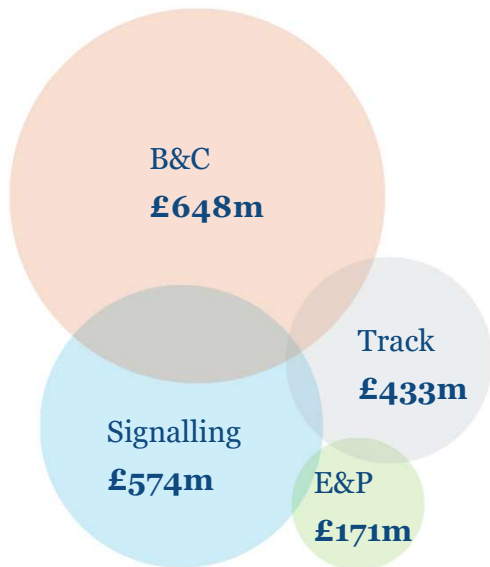
Track	50%	Signalling	10%
B&C	30%	E&P	10%

Infrastructure Interventions		
Business Case	Intervention	AFC
Accelerated 1	Snow Hill	£70m*
Accelerated 2	Kings Norton to Barnt Green	£254m*
	Bordesley to Moor Street	£896m**
Central & SW	Worcester to Hereford	£260m*
	Stoke Works Junction	£78m*
	Water Orton	£124m*
East Midlands	Wigston freight loops	£50m*
	4-aspect signalling	£93m*
TOTAL		£1,825m***

* AFC is subject to updated and assured OBC cost plans
** Excludes land purchase costs
*** AFC in range of £0.9-£1.9bn depending on options selection

The infrastructure interventions: Summary

The infrastructure interventions have a combined AFC of £1,825m and DfT have an aspiration of EIS by 2030.



Infrastructure Interventions		
Business Case	Intervention	AFC
Accelerated 1	Snow Hill	£70m*
Accelerated 2	Kings Norton to Barnt Green	£254m*
	Bordesley to Moor Street	£896m**
Central & SW	Worcester to Hereford	£260m*
	Stoke Works Junction	£78m*
	Water Orton	£124m*
East Midlands	Wigston freight loops	£50m*
	4-aspect signalling	£93m*
TOTAL		£1,825m***

* AFC is subject to updated and assured OBC cost plans

** Excludes land purchase costs

*** AFC in range of £0.9-£1.9bn depending on options selection

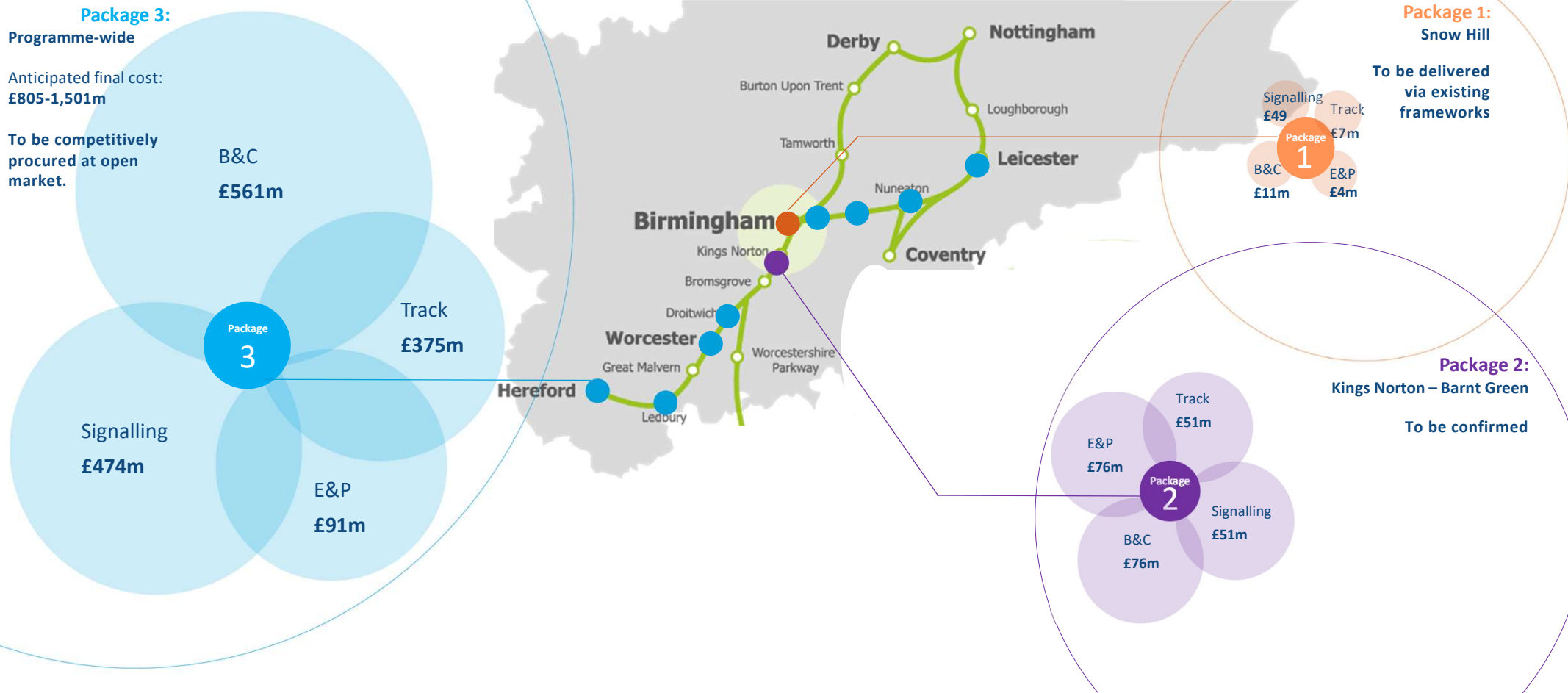


MRH Procurement Strategy

Chris Grainger, Lead Procurement Consultant

Packaging the works

We have undertaken a packaging exercise resulting in the infrastructure interventions being split across three separate packages as per the below.



Procurement strategy

The proposed sourcing strategy to competitively procure Package 3 at open market.

Package 3a:

Programme-wide (Central & SW)

Anticipated final cost:

£538-1,234m

ES stage:

4-8

Procurement model:

Alliance

Preferred route to market:

UCR2016 Procedure



Package 3b*:

Programme-wide (Leicester corridor)

Anticipated final cost:

£267m

ES stage:

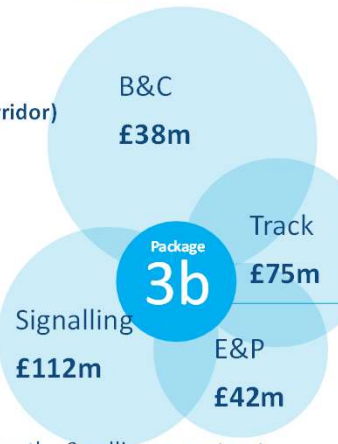
4-8

Procurement model:

Alliance

Preferred route to market:

UCR2016 Procedure



*Optional additional scope

which would be instructed under the 3a alliance contract.



Procurement particulars:

- We are **procuring** an ES4-8 design & build.
- We are looking for **pre-formed alliances** to compete for this package i.e we are not adopting a forced-marriage approach.
- We are looking to utilise a **negotiated procedure** under the UCR2016.
- We are looking to shortlist down to **four** tenderers at ITT stage.
- We are **likely** to utilise the NEC4 ALC conditions of contract.
- We are **considering** how best to incorporate requirements involving proprietary signalling technology in this procurement.
- We are **considering** how best to facilitate ES3 design transfer.
- We are **considering** the most appropriate evaluation methods to appoint the optimal alliance.
- We are looking to **commence** the procurement in January 2023.

Procurement strategy

Subject to agreed funding strategy, Package 2 may fall into the Package 3 alliance for delivery.

Package 3a:

Programme-wide (Central & SW)

Anticipated final cost: £538-1,234m

ES stage: 4-8

Procurement model: Alliance

Preferred route to market: UCR2016 Procedure



Package 3b*:

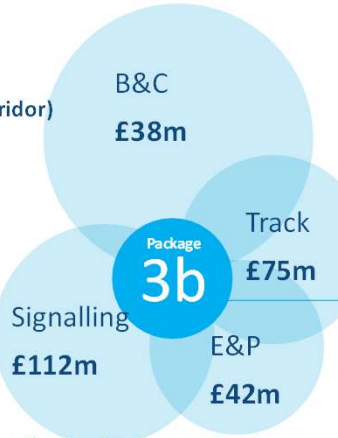
Programme-wide (Leicester corridor)

Anticipated final cost: £267m

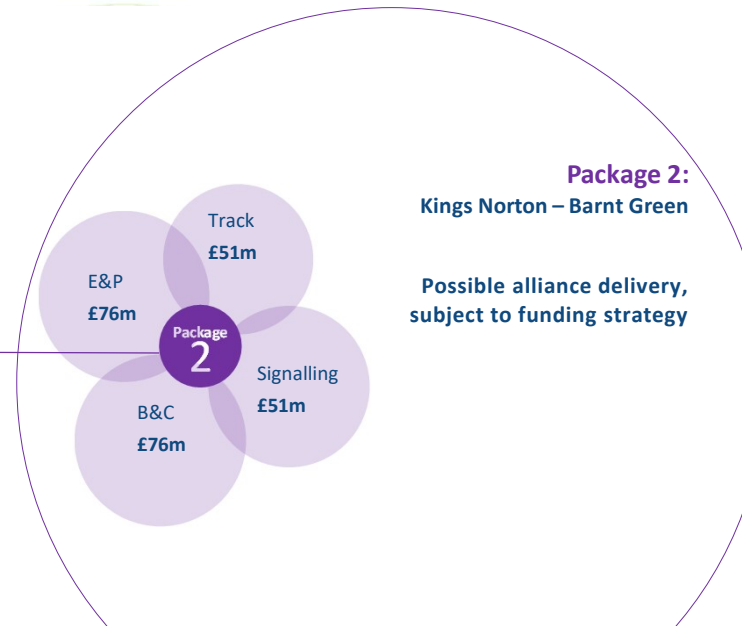
ES stage: 4-8

Procurement model: Alliance

Preferred route to market: UCR2016 Procedure



*Optional additional scope which would be instructed under the 3a alliance contract.



Package 2:
Kings Norton – Barnt Green

Possible alliance delivery, subject to funding strategy



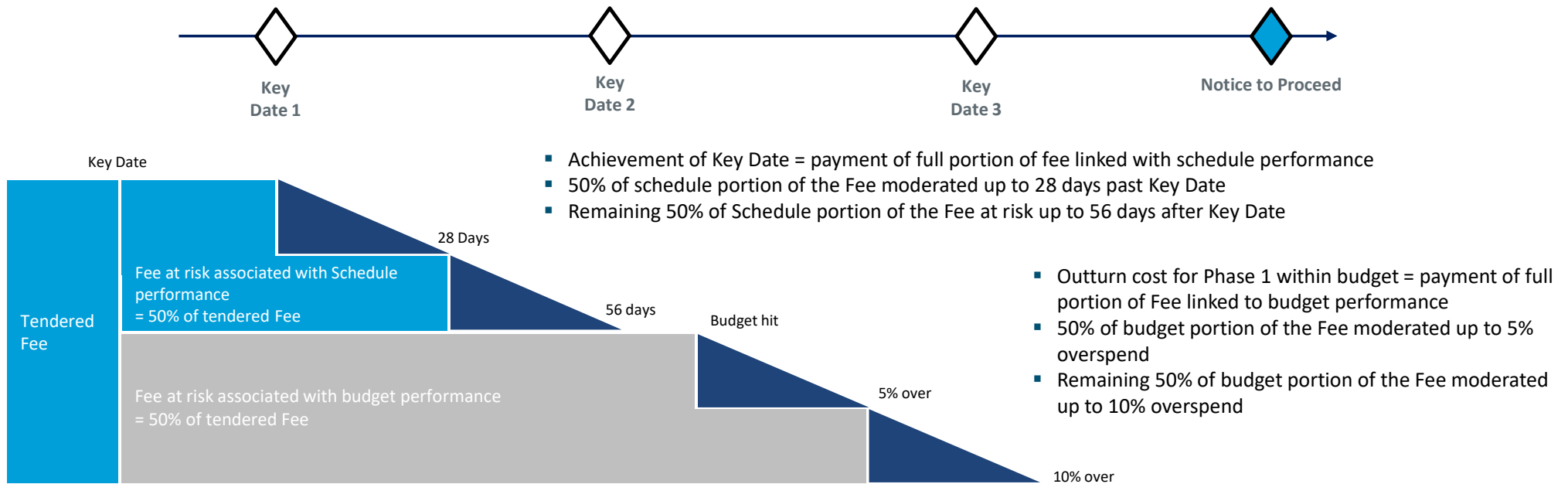
MRH Commercial Strategy

Tom Unwin, Lead Commercial Consultant

Commercial and incentive model – Forming Phase (Phase 1)

The below diagram illustrates the proposed alliance commercial & incentive model for the Forming Phase (Phase 1).

- Alliance incentivised to meet a selection of Schedule KPIs, constituting Key Dates and a Notice to Proceed date and incentivised to remain within tendered budget price for Phase 1.
- 100% of the Fee is at risk, with this split into two portions linked to schedule performance and budget performance
- In the event that the Alliance either partially or entirely fails to meet the Key Dates, they have the opportunity to earn back their shortfall through the achievement of the Notice to Proceed date.
- Performance against Schedule KPIs tracked monthly, assessment of moderated fee made on an annual basis
- Budget Price for Phase 1 provided at tender stage utilising a staff rate card and fee



Commercial and incentive model – Delivery Phase (Phase 2)

The below diagram illustrates the indicative commercial & incentive model for the Delivery Phase (Phase 2)

- Alliance incentivised through a performance linked gain/pain share arrangement
- Performance against KPIs collected across the programme of works with aggregated performance across the Alliance moderating the level of contractor reward/risk
- Under this option, the share ranges are based upon two levels of performance:
 - Below target
 - Above target/on target
- Instances of out performance against KPIs, Alliance gain share is increased boosting profits with decreased pain share protecting profit margins
- Network Rail retains 100% of gain beyond 20% underspend
- Target cost will be index linked to allow for inflation

Pain share	KPI underperformance		KPI expected performance / outperformance	
	Alliance Share / Network Rail Share		Alliance Share / Network Rail Share	
Gain share	PWDD : Target		Alliance Share / Network Rail Share	
Agreed Final Total Cost	<80%	0% / 100%	0% / 100%	0% / 100%
	80% - 90%	30% / 70%	50% / 50%	50% / 50%
	90% - 100%	40% / 60%	60% / 40%	60% / 40%
	100%	0% / 0%	0% / 0%	0% / 0%
	100% - 110%	55% / 45%	40% / 60%	40% / 60%
	110% - 120%	60% / 40%	45% / 55%	45% / 55%
	>120%	70% / 30%	50% / 50%	50% / 50%
	Fee %			

- Pain share capped at Fee if Alliance KPI performance exceeds target or is at expected level
- Pain share capped at double Fee if Alliance underperform against KPIs
- Bandings, share ranges and performance moderation contained in this table are indicative and subject to change

A vertical decorative bar on the left side of the slide, consisting of several colored stripes (green, orange, blue, purple, teal) and a white railway track pattern.

Next Steps

Adam Walsh, Programme Procurement Manager

Next Steps

The below table sets out the indicative timescales for the remaining procurement events associated with the procurement of package 3. This procurement is not yet committed and dates are therefore subject to change.

Activity	Planned start	Planned end
Market sounding questionnaire response period	21/06/2022	19/07/2022
Market sounding questionnaire clarification period	21/06/2022	12/07/2022
Sourcing strategy governance	17/11/2022	11/01/2023
Contract notice published	16/01/2023	16/01/2023
PQQ response period	16/01/2023	15/03/2023
ITT response period	27/04/2023	24/08/2023
Award	23/01/2024	02/04/2024

Following consideration of responses to the MSQ, Network Rail may or may not undertake further market engagement including but not limited to further consultation questionnaires and/or workshops as Network Rail considers necessary.



Thank you!