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Mark Lythaby  
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Dear Mark

**UK MAJOR INFRASTRUCTURE PROGRAMME: INITIAL WORKSHOP  
OPPORTUNITIES AND DEMANDS ON THE ARCHAEOLOGICAL SECTOR**

We were pleased to have the opportunity to meet with you, Suzanna and colleagues last Wednesday to discuss the provision of archaeological services for the Thames Tideway Tunnel and to speak more generally about the future provision for HS2. Thank you also for sending the draft archaeology procurement briefing notice subsequently.

We greatly welcome this very positive forward thinking and the opportunities it offers for strategic discussions and collaboration regarding early contractor engagement. We thought it would be helpful to set down some general comments to emphasise key points which we raised at the meeting. We have also taken the opportunity below to include also some comments also in response to the draft briefing note.

**General comments**

Although the TTT does exhibit some areas of complexity in terms of timescales, number of sites and location of the areas to be excavated, and nature of the archaeological remains, the expertise certainly exists within the sector to deliver an effective archaeological service and to meet the quality, value-for-money and broader time and financial needs of the TTT project. As you have already recognised, however, the key issue will be how the procurement process might be developed to facilitate the desired outcomes, and in particular to help overcome constraints in archaeological capacity arising out of the recent downturn in the construction industry.

**Procurement process.** We would welcome more opportunity to discuss the three possible procurement models as presented at the meeting and to become more closely involved in the

development of the procurement process and VFM considerations more generally if this were helpful.

**Capacity.** We mentioned at the meeting that the 2012-13 survey identified that there had been a 30% reduction overall in practicing archaeologists and that this reduction had been felt more heavily within the private sector. We anticipate that this will lead to a problem in responding to a sudden growth of demand for field work and specialist contracting services. It does seem likely therefore that the capacity across sector during the peak infrastructure investment programme will be severely stretched, particularly if elements of the TTT project coincide with any HS2-related works. This will include off-site specialist provision as well as on-site capacity, although there can be more flexibility in post-excavation specialist timetables. The procurement process will need to take careful account of this in order to avoid exacerbating the issue by inadvertently discouraging bidding. Where possible your procurement will need to encourage both capacity development and partnering/supply chain arrangements.

**Supply chains.** Although all archaeological organisations/contractors would be considered as SMEs under industry definitions, within this our sector comprises major companies, medium sized companies and small enterprises. There are, for example, only a handful of companies with over 100 staff and perhaps 20 medium sized companies with 10-50 staff. The nature and complexity of the procurement process for TTT (and HS2) suggests that it will be the large companies that will lead on bidding (the use of NEC3 is a good basis for engagement but we suspect it will not be as widely understood across sector as one might wish) but that there may well be a need for them to consider project delivery through the use of vertical supply chains to draw in the available resources and expertise of smaller archaeological organisations.

**Financial capacity.** We suspect the financial capacity of sector to fund ongoing work will also be an issue due to turnover issues at lower end of scale, the general absence of cash reserves and the cost of commercial borrowing. Commercial terms, e.g. retention and bonds for example, need to be proportionate to value of work and size of suppliers therefore and more generally, consideration will need to be given to methods and timing of funding including start-up costs (to help with recruitment and project planning), 30 day payment terms, retentions, etc., to avoid discouraging engagement potential bidders or raising risk.

**Building capacity.** We discussed this issue in some detail and you may wish to consider how you flag this up in the procurement process and encourage capacity-building such as apprenticeships, student opportunities, etc., as an integrated element of the project.

**Promotion and public relations.** Archaeologists have a very strong track record in identifying how the results of their work (and the process of archaeology itself) can benefit and empower local communities, and this has become an increasing priority across the profession in recent years. We welcome therefore the recognition that this will form an important element of the project.

### **Draft archaeology procurement briefing notice**

Para 2. 'Employers/Archaeological Contractors'

Para 4. '£3m'

Para 5. 'Federation of Archaeological Managers and Employers'

Para 6, item 9. Analysis and ~~post~~-processing of archaeological material;

Para 11. We wonder if 500 words is sufficient to demonstrate the experience and capability of the organisation has in relation to the identified points.

Given the broader discussions above we would also suggest that you include within your list of requirements, you might include also

- Current commitments and deadlines within period 2015-17, key staff committed, capacity remaining for undertaking TTT projects
- Last three years company accounts (for TTT to be aware of the financial stability and tiny margins companies are working to in this sector ---- influencing issues over bonds and retainers)
- Examples of working as JVC and/or with SME sub-contractors

We also wonder if the threshold mentioned in item 9 of £2m might act as a significant discouragement for some of the smaller organisations (given our comments on capacity above) and whether you might consider a different form of wording here about demonstrating financial capability rather than relying on an identified sum.

## **Conclusions**

We would be happy to clarify any of the points raised above. We would stress also that some of the broader issues raised above are of more general interest/concern for FAME and that we will be exploring, in parallel with your own processes, how we might engage with these and what research/training we might offer the sector. In this context we would welcome further discussions of possible joint-initiatives relating to capacity-building, training and quality which we might develop.

Yours sincerely

**Malcolm A Cooper**  
Chief Executive Officer (designate)  
Federation of Archaeological Managers and Employers