

Report To: Cabinet

Date of Meeting: 6th June 2017

Lead Officer: Rebecca Maxwell – Corporate Director: Economy & Public Realm

Report Author: Tania Silva – Framework Manager

Title: Renewal of North Wales Construction Framework

1. What is the report about?

Denbighshire County Council is the lead authority for managing the North Wales Construction Framework which was established in 2014, primarily to deliver the construction of new school buildings, or the remodelling and refurbishment of existing school buildings, under the 21st Century Schools programme. The framework is a partnership between the six North Wales councils, but has also been used by other public sector organisations in the region to deliver some of their construction projects. The current framework agreement expires in May 2018, and this report outlines the proposed approach for renewing the Framework Agreement.

2. What is the reason for making this report?

A decision is required to commence the procurement of the next generation North Wales Construction Framework, on the basis of the Business Case set out in Appendix 1. A further report will be presented to Cabinet in the future to report on the outcome of the procurement exercise.

3. What are the Recommendations?

3.1 Cabinet endorses the approach outlined to procure the next generation North Wales Construction Framework; and

3.2 that the Committee confirms that it has read, understood and taken account of the Well-being Impact Assessment (Appendix 2) as part of its consideration.

4. Report details

4.1 Existing Framework Arrangements

The existing Framework provides a streamlined and cost-effective mechanism to secure contractors to build new schools and other public buildings across North Wales. There are currently six contractors on the Framework – Balfour Beatty, Galliford Try, Kier, Read Construction, Wilmot Dixon and Wynne Construction – and to date there are 20 “live” projects being progressed across the region with a value in excess of £200 million.

Within Denbighshire, the projects being delivered under the framework are:

- New primary school, Ruthin – Wynne Construction (£8.5 Million)
- Rhyl waterfront – Wynne Construction (£7.4 M in 2 phases)
- Glan Clwyd School extension & refurbishment – Wilmot Dixon (£13.9 M)
- Rhyl Faith School – contract not yet let

One of the main benefits of the framework approach, which we are seeking to retain and improve under the new framework arrangements, is the delivery of community benefits. Of the 20 projects currently being progressed under the framework in North Wales, the four that have reached completion have delivered the following benefits:

- Over 900 hours of work experience
- Over 1,000 training hours delivered
- 320 NVQ/apprenticeship weeks
- 9 graduates recruited
- 17 permanent new jobs created for unemployed people
- 4,000 school pupils involved in engagement events
- 70 community engagement events, with 900 attendees
- On average, 80% of supply chain comes from within 30 miles radius of the project
- 30 work placements for NEET (Not in Employment, Education or Training) individuals (in partnership with Princes Trust)

These benefits have been delivered through a collaborative approach between the contracting authorities and the contractors on the framework, facilitated by the Denbighshire Officers who manage the framework. This successful approach has been recognised through the following awards:

- Winner of the Construction Excellence Wales “Integration & Collaborative Working” Award;
- Finalist for the Construction Excellence (UK) “Integration & Collaborative Working” Award;
- Winner of BIM (Building Information Management) “Framework Exemplar Project” award

4.2 Next Generation North Wales Construction Framework

Renewing the Framework will ensure an effective mechanism for delivering the next phase of the 21st Century Schools programme, as well as the construction or major refurbishment of other public buildings. The details of next generation North Wales Construction Framework are set out in the Business Case attached as Appendix 1. The approach is to build on the strengths and success of the current framework, whilst making some changes to improve performance. Key changes to the new framework include:

- A change in the way projects are “lotted” by value to provide more opportunities for smaller contractors;
- Greater emphasis on the delivery of community benefits, such as training requirements and developing local supply chains;
- Introducing a framework charging fee to reduce the cost of the framework to the six local authorities, whereby contractors will be charged a fee per project won (charges are detailed in the Business Case – Appendix 1) (see section 6 for further details on costs).

With more lots, lower value thresholds and more contractors on the new framework, there is a requirement for a slightly enhanced Framework Management Team. This team will be hosted by Denbighshire, and this continuity will ensure that we build on the success of the initial Framework Agreement and improve the impact of the framework in terms of:

- Engaging with contractors to maximise community benefits and to support and develop local supply chains;
- Working with economic development teams to develop local companies where gaps in the supply chain exist; and
- Continuing to work with educational organisations to provide improved training and development opportunities and work placements.

The Framework is a collaborative vehicle to deliver construction projects across the public sector in North Wales there is no mandatory requirement to use it, as clients can choose their preferred procurement route, there is also no minimum spend requirement, however once the decision to use the Framework has been made, projects need to comply with the Framework Agreement.

5. How does the decision contribute to the Corporate Priorities?

A renewed Framework will support priorities within the current (2012 – 2017) Corporate Plan in terms of:

- Developing the local economy – by working with suppliers and delivering community benefits; and
- Improving performance in education and the quality of our school buildings – by providing a mechanism to construct new and refurbish existing school buildings.

6. What will it cost and how will it affect other services?

The cost of setting up the new framework arrangements will be met through the funding arrangements for the existing framework, so there will be no additional costs to the Council for this.

Going forward, the new framework will require the same commitment of £15K per annum as the exiting framework, and this sum is already budgeted for within existing operational budgets. This funding supports the employment of the Framework Management Team and associated activity (detailed in the Business Case – Appendix 1). This annual contribution will be reduced or even refunded in full if the income generated through the Framework meets current forecasts. Decisions on how any surplus income generated through the Framework will be spent will be agreed by the Framework’s Strategic Management Board – which has senior officer representation from all six North Wales authorities (Rebecca Maxwell is Denbighshire’s representative on this Board). Such income could be spent on additional training or supply chain initiatives, or potentially shared out between the partner authorities.

7. What are the main conclusions of the Well-being Impact Assessment? The completed Well-being Impact Assessment report can be downloaded from the [website](#) and should be attached as an appendix to the report

The Framework will have an overall positive impact on future generations within Denbighshire and the wider North Wales region, through:

- the development of new and improved school buildings (which in turn should lead to improved educational attainment);
- up-skilling the workforce through the numerous training and work placement opportunities; and
- developing the local economy by providing opportunities for local contractors.

For the full Well Being Impact Assessment See Appendix 2

8. What consultations have been carried out with Scrutiny and others?

The proposals for the renewal of the North Wales Construction Framework have been developed through the involvement and engagement with senior managers, construction and procurement professionals within the six partner North Wales local authorities, as well as other public sector organisations who are keen to utilise the Framework. There has also been involvement for the contractors on the existing framework and other local contractors who are interested in being involved in the new Framework arrangements.

9. Chief Finance Officer Statement

The council's financial contribution to the framework is an existing commitment. The annual fee is based on the cost of managing the framework, split between six councils. If fewer councils partake, then clearly the contribution from the remaining partners would increase. The framework should provide an efficient means of procuring significant contracts and deliver value for money.

10. What risks are there and is there anything we can do to reduce them?

The following key risks have been identified and will be managed by the Framework Management Team:

- Legal challenge in relation to the procurement process – managed by the input of specialist legal advice in terms of the process and drawing up the required documentation;
- Lack of funding for construction projects means under-utilisation of the Framework – risk accepted but expectation from councils and Welsh Government that the 21st Century Schools programme will continue to be funded;
- Lack of collaboration and cooperation between the six partner authorities impacts on delivery – accepted although robust and successful partnership arrangements have been built up during the lifetime of the existing framework;
- Income generated does not meet forecasts – in this scenario the management of the framework will still be funded through each council's £15K annual contribution, but the refund to each council will be less;
- Community benefits not delivered – managed by the proactive involvement and engagement of the Framework Management Team.

11. Power to make the Decision

The power to make decision is contained in s2Local Government Act 2000, s111 Local Government Act 1972, Regulation 33 Public Contracts Regulations 2015.