

North Wales Construction Framework (NWCF)

Future of the Framework

Business Case for the renewal of the North Wales Collaborative Construction Framework

May, 2017

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INTRODUCTION

This paper presents the achievements of the existing collaborative construction framework with options of how we propose to renew the framework for the next strand of construction projects across North Wales. The paper presents the outline procurement strategy together with the resources required to fund and manage any new arrangements.

PART 1 – EXISTING FRAMEWORK

BACKGROUND

The NWCF is the first generation of Collaborative Frameworks in the region. It was instigated by the Welsh Government to aid the delivery of the 21st Century Schools Programme in North Wales and was collaboratively developed by the 6 North Wales Local Authorities (NWLA) lead by Denbighshire and Flintshire.

The NWCF is was established to deliver value for money and the benefits associated with a long term collaborative relationship. We undertook a unique approach of early engagement with clients, contractors and construction bodies via workshops that helped us to define its structure.

It was been built on an ethos of openness, transparency and flexibility achieved by continuous communication and engagement with stakeholders through our Forums and special interest groups (SIGs) These have been invaluable in ensuring that common processes and tools have been established and implemented across the framework for the benefit of the individual projects and ultimately the clients. The SIGs enable us to improve de understanding and delivery of Building Information Management (BIM), Community Benefits, Collaboration and Standardisation.

Outcomes from the SIGs include:

- Building an environment that facilitates Trust culminating in an open transparent relationship
- Delivery of Targeted Community Benefits and Social Value
- Upskilling of Clients and their regional Supply Chains,
- A better understanding of BIM processes and the development of tailored Employers Information Requirements.
- Fair payment practices form part of the framework to ensure that the supply chain members are also paid in line with these practices.
- Test new initiatives in the region and disseminate lessons learned such as Project Bank Accounts
- Performance and achievements are monitored through an established set of KPIs across the Framework projects which are regularly reviewed with the aim of improved performance.
- Case studies are part of the process of sharing good practice and knowledge.
- The Early Contractor Involvement, two stage procurement and the use of collaborative forms of contact (including NEC Option C), are actively promoted.

Current Framework lotting strategy

Lot	Project value bands	Contractors on the NWCF1	Type of Works
1	£4.348m > £7.5m	Wynne Construction Kier Construction Balfour Beatty Galliford Try Read Construction	<ul style="list-style-type: none"> • new build • re-modelling • refurbishments The above may potentially include (but not be limited to): <ul style="list-style-type: none"> • listed buildings • external works • contract design (design and build) • other construction works (e.g. structural work, asbestos removal, demolition, modular / volumetric construction etc.)
2	£7.5 > £15m	Wynne Construction Kier Construction Balfour Beatty Galliford Try Willmott Dixon	
3	£15m+	Kier Construction Balfour Beatty Galliford Try	

Impact of the existing framework

The Framework has significant impact on the way major projects are procured in North Wales, reducing the cost and time of the procurement exercise and introducing a more collaborative way of working with the private sector resulting in a less adverse relationship.

The framework's biggest impact is on the delivery of Community Benefits, Targeted Recruitment and Training (TR&T), Supply Chain development and management of the environmental impact, delivering in line or above industry standard in each individual project.

It has also played a major role on the development of the Building Information Management (BIM) understanding. Through the Framework some of the first projects using BIM level 2 were delivered in the region creating a culture planning for the lifecycle of the building and supporting with the upskilling and integration of the supply chain in the region.

All of the above working practices are embedded within the Framework working processes

ACHIEVEMENTS

The existing Framework has delivered to Dec 2016 a number of benefits as below

- Over 900 hrs work experience
- 9 graduates recruited
- 320 NVQ/Apprenticeship weeks
- 17 permanent new jobs created for unemployed people
- Engagement events reaching over 4000 pupils

- 35 events to upskill the supply chain
- 70 Community Engagement Events – 900 stakeholder attendees
- 3 local SMS's have reported that they have grown on the back of projects procured through the Framework
- The contractors who have delivered works confirm that the programme has both created and sustained employment both directly and indirectly
- 80% of the supply chain comes from within 30 miles radius on average
- 4 Case studies have been developed to date
- Recognised with awards as a framework and for projects.
- 2 of the NWCF1 projects have achieved “exemplar” status
- Standardisation of Employer Information Requirements for BIM in the region
- 2 (30 persons) cohorts of the Princess Trust Community Programme are planned to give work placement to individuals “Not in Employment Education or Training (NEET)”
- Cultural change to a partnership approach to delivering construction projects
- 2 Regional meet the buyer event – with over 150 SME suppliers in attendance
- 2 additional events to engage with the smaller supply chain through the Contractors and Sub consultants are planned for June.
- Training hours exceeding 1000 hours
- The framework hosts a Construction skills Academy on behalf of the LA customers and stakeholders.
- At least 98% of waste is being diverted from landfill on each project

Awards

- Winner of the Integration and Collaborative Working Award from CEW
- Finalist for Integration and Collaborative Working Award from CE (UK)
- Framework exemplar project wins national BIM award 2016

Income and Savings

- Income generation of £24,000 to offset against the Framework management cost for attracting new clients to use the Framework.
- Reduced cost to running the Framework from £90K estimated to £70K due to savings on marketing and Framework management team. NWCF2 will be seeking other fund avenues to deliver regional engagement and training.
- Free sharing portal provided by Read Construction as part of their collaborative programme.
- A competitive procurement process following a full EU procedure costs an average of £45,200 a significant reduction to this cost has been achieved by both clients and contractors by avoiding individual procurement.

Appendix 1 – ‘Organisations supporting the delivery of Community Benefits’

Appendix 1a – ‘Operation and Best Practice’

In order to realise the full benefits of having a regional Framework in place we joined the National Association of Construction Frameworks becoming the first welsh partner. This has enabled us to exchange knowledge with our counterparts nationally.

PART 2 – PROPOSAL GOING FORWARD

PROCUREMENT STRATEGY AND PROPOSED CHANGES

We proposed to reprocure a NWCF2 Framework applying the lessons learnt and addressing its shortcomings to improve its operation and delivery and enhance Value and increase beneficial outputs from the framework activities. For Denbighshire County Council to continue to be the lead authority and host the Framework Management Team.

The recommendation is to renew the NWCF with a revised scope outline above based on the lessons learnt on the existing Framework.

See appendix 2 – ‘Initiation of Project for the Procurement of NWCF2’ for details.

The five options were considered were:

1. Let Framework expire and authorities to choose the way they want to move forward
 - a. LA have now acquired a consistent approach to delivering major projects, the expertise created will be lost, the use other options could be more costly and time consuming.
2. Renew the Framework exactly as it is now
 - a. We would fail to incorporate the lessons learned and improvements generated by the first iteration, however we will have more certainty on cost and use expertise acquired. It may not be sufficient to deliver the type of projects that the 21st Century School Programme Band B will require.
3. Let another authority take the lead
 - a. Willingness of another LA to take the Lead against backdrop of efficiency savings.
4. Consider the National Procurement Service (NPS)
 - a. NPS may be looking at setting up a major projects national Framework
 - b. Timeline is unknown. This option would impact on local SME involvement at a Tier 1 level.
5. Tap into other existing Frameworks
 - a. Cost and locality agenda may not be met, we wouldn't have control over the mini tender process and management of the Framework. Inconsistent CB and SVA activity and not aligned to WG policy and drivers.

High Level Strategy of NWCF2

A Collaborative and integrated framework, building on the foundations of a successful NWCF 1 harvesting benefits and savings from use of technology, improved processes, collaborative working, supply savings and efficiencies through fairness, transparency and competitive collaboration on projects.

- Maximising local community impact through SME engagement and intelligent quality based selection and clearly defined targets and benchmarked performance.

- A strong commitment to supporting and developing the local supply chain through training and best practice sharing
- Finding market gaps and encouraging companies to backfill those gaps.
- working alongside supporting agencies and education establishments providing avenues for training, development and directing them to funding available to upskill Local SMEs
- we will align our outputs to the Well Being of Future Generations Act measuring the Framework and project performance in line with the Act.
- Fair payment practices are and will continue to be built into the Framework as well as the commitment to train and develop future generations and promoting sustainable development.

We are committed to exceeding the performance and outputs from NWCF1, with enhanced value for the Customers, Stakeholders and communities.

Being the “go to” procurement solution for public bodies in north Wales.

Project Pipeline

Whilst the exact detail of the anticipated spend is unconfirmed, Government spend projections and extrapolation of the performance of the NWCF1 indicate that a likely spend of some £400m is anticipated.

Partners such as Glyndwr University and Coleg Cambria have confirmed a potential pipeline of over £70m Adjusting for growth from the planned Business Development activity the OJEU will be issued with a ceiling value of £550m to £600m.

Proposed Changes

Tender

- Use a restricted procedure to undertake the procurement exercise
 - Two stage tender process (PQQ followed by ITT).
 - Improve the evaluation mechanism to speed to which the Framework is evaluated and encourage SME to bid for it.
- Simplifying the tender documents and rationalise the quality questions (tailored set of questions for lower value bands proportional to the value)
- Proposed lotting strategy agreed by Operational Management Board (this may alter when Band B projects are known)
- To include projects below the OJEU threshold from £250K
 - give smaller local contractors the opportunity to be part of the Framework
 - reduce the time it takes to appoint a contractor to a major project
 - split smaller lots in regions to increase opportunities to local SMEs
- Consider having contractors on a reserved list
 - With a busy market in the region give us the opportunity to ensure we always have a minimum number of bids
 - Gives companies that were close to the mark the opportunity to be part of the Framework Need to check the legalities of operating a reserve list in the event of continued failure of contractors to submit bids or in the event of withdrawal.

- Ensure a minimum number of bids in each mini tender taking into account the conditions of the market.
- Consider an effective strategy to manage this set of contractors to keep them engaged for four years.
- Price / Quality Split during mini competitions should be at the discretion of the authority within the established range and in accordance with their individual CPR's initial proposal is 70/30 to 30/70 Q/P range.
- Aggregation – we need a mechanism to limit the number of projects that any one supplier can win i.e. no more than 3 times the maximum limit of the lot, for example, Lot 3 max number of project up to a total value of £7.5m (£2.5m x 3). (Need to check the legalities of doing this).
 - Help limit LA exposure by not appointing one contractor to too many projects.
- Restrictions – We will use the principles of restriction to ensure,
 - Have a more balanced spread of projects between contractors to limit LA exposure.
 - Keep contractors interested in the Framework and encourage competition
 - Increase the number of contractors bidding in the Framework as they can concentrate on the lots that they are genuinely interested in.
- Pricing – consideration to the detail of the pricing documents. Direct call off unlikely therefore do we need a detailed Bill of Materials
 - Avoid asking information that we will not use.
 - Use average pricing methodology
- Monitor contractor performance regularly through a set of relevant KPIs, using the knowledge acquired on NWCF1 to inform targets.
- Two sets of ITT one for lower value lots and another one for higher value lots
 - Ensuring that the financial criteria on which contractors are evaluated is proportional to the value of the works and lot that they are applying for.

Table 1 Suggested Lotting Strategy

	Value Bands					Number of Contractors per Lot
	£250k > £1m	£1m > £2.5m	£2.5m > £5.5m	£5.5m > £10m	Over £10m	
West	Lot 1					10
East	Lot 2					10
Regional		Lot 3				10
Regional			Lot 4			6
Regional				Lot 5		6
Regional					Lot 6	4

There we will have a minimum of 16 and up to 46 contractors in NWCF2, a well-resourced Framework management team is paramount to its success.

In comparison NWCF1 has 6 contractors over three lots.

Framework Operation

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.

- Governance – simplify governance arrangements and decision making
 - Opting for a Client Management Board with co-opt appointed members with particular expertise as when required (*similar to company board of directors with non-executive members requires shared sense of purpose and commitment from all involved*)
 - Simplified terms of reference with clear accountability matrix.
 - Reduction in the number of meetings with the decision making process more concise.
 - Targeted themes for improvement to be delivered through SIG's
- Mini Tender competitions
 - Standardise further the mini tender competitions set core questions
 - Q/P split
- Actively Marketing and promotion of the Framework
 - Establish a clause within the Framework agreement where the Contractors will bring work to the Framework.
 - Framework Contractors to support financially the establishment of a dynamic KPI tool
 - Get new clients for the Framework to become self-sustaining.

RESOURCES AND FUNDING

Framework Management Team

1 Framework Manager

1 Innovation and Development Manager

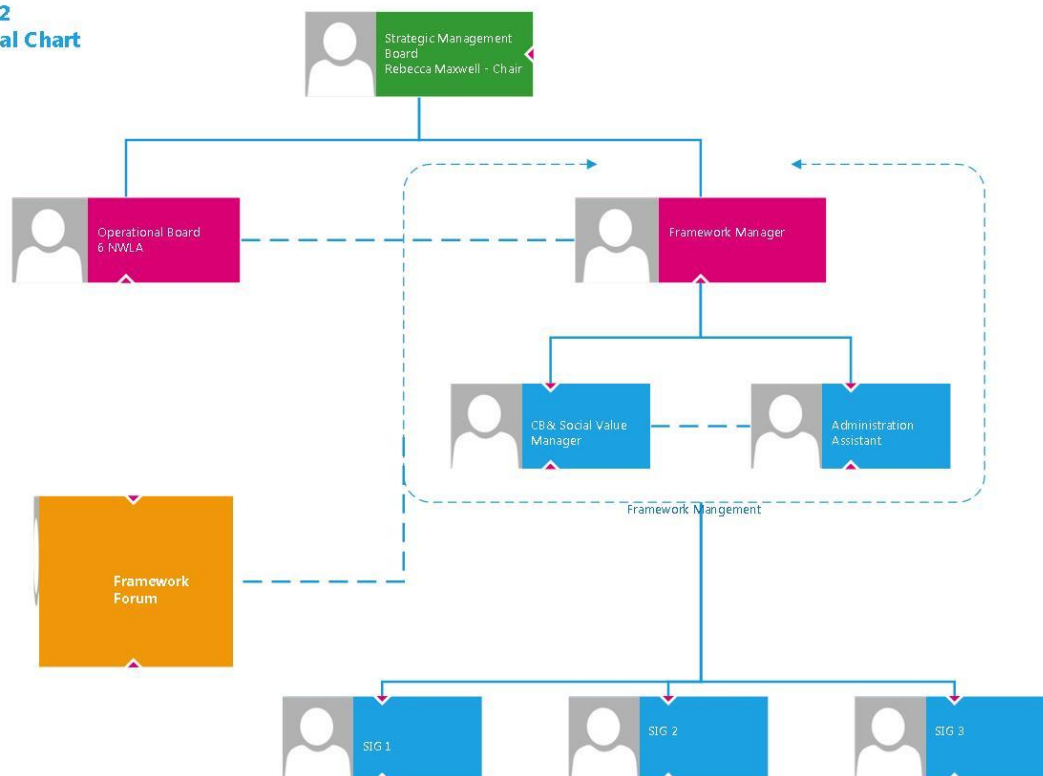
1 Administration Assistant

The **Innovation and Development Manager** is a new post created to continue developing best practice at Framework level and disseminating them across the six authorities some of the themes this post will be developing are

- Support incorporating Supplier Past Performance in Construction Contracts
- Implementing Practices against Modern Day Slavery
- Promoting Life cycle costing
- Fair payment
- Contract Management
- Feedback on the Financing Models in Construction (Mutual Investment Model)??
- And other initiatives as needed.

This post is paramount to the success of the above initiatives and the overall management of the increased number of contractors in the Framework and the increase volume of potential work procured through it.

**NWCF2
Organisational Chart**



FUNDING

The funding arrangements will change under the new framework arrangements. Under the existing framework, each partner authority contributes £15,000 per annum to support the framework management costs, with additional income generated from a framework access fee paid by other public sector organisations who use the framework.

Partner Authorities and Contractors

Under the new framework, contractors on the framework will pay a fee per project won on the basis of the rates detailed in the tables below.

It is also proposed that each partner authority will continue to allocate £15,000 per annum, payable at the end of the financial year for the year just gone.

Fee rate for partner local authorities

LOT	Fee
1	0.35%
2	0.35%
3	0.25%
4	0.15%
5	0.12%
6	0.10% Up to £15m 0.08% £15m +

The income derived through this mechanism in a financial year will be allocated on an equal basis between the six partner authorities, and this sum deducted from the £15,000 annual contribution (i.e. each authority will be invoiced for £15,000 less their share of the income derived from the framework). The decision on the use or reallocation of any surplus income in the situation where the full £15,000 per authority has been recovered in a financial year will be subject to decision by the Strategic Management Board.

Over time the income generated should significantly reduce or even remove the requirement for the annual £15,000 contribution, but to ensure continuity between the new and old framework arrangements and to guarantee that the framework management costs can continue to be supported throughout the lifetime of the framework, the annual contribution will remain a requirement for partner authorities (subject to the “refund” arrangements detailed in the preceding paragraph).

Non-Partner public sector organisations

In the case where other non-partner public sector organisations access the framework, the following charging rate will apply:

Fee rate for non-partner public sector organisations

LOT	Fee
1	0.40%
2	0.40%
3	0.30%
4	0.20%
5	0.15%
6	0.12% Up to £15m 0.10% £15m +

Unlike the partner authorities, the non-partner organisation will not be required to contribute t £15,000 per annum, but equally will not be entitled to any future share of the income.

General arrangements

For both partner and non-partner organisations, the fee for a programme of work which is subject of a single client mini competition will be based on the aggregated programme value and not on the separate project values. If the programme of work is split into separate contractual arrangements for each project within it then the charge will be based on the relevant fee applicable to each project within that programme, and payable as soon as any contractual arrangement (including a pre-construction contract) is entered into for a project.

In all circumstances, in the event of a project stopping at the pre-construction contract (i.e. not progressing into a building contract) NWCH can recover the fee based on the value of a pre-construction contract on the basis of the fees set out below:

Fee rate for pre-construction charging

Value (£) of the Pre Construction Contract	Fee
1 - 250K	0.70%
251K - 500K	0.60%

This funding mechanism will fully resource the team to provide Framework management and support to meet the needs of the current strategy. This model will enable NWCF2 to operate efficiently and will make provisions to set up new procurement vehicles at the end of the cycle.

Forecast income

On the basis of the charges detailed above the following income is forecast for NWCF2 (as of May 2017):

Potential work subject to BC approval	Income Average charge of 0.12% of Construction Cost
NWLA	
<u>21st C school programme</u>	
£70m x 6 = £420m (Full programme)	£504K
£45m x 6 = £210m (Part programme)	£252K
Glyndwr University	
Project 1 £5m Project 2 £5m Project 3 £20m	£36K
Sub-Total £30m	
Coleg Cambria	
project 1 £12.0m project 2 £4.2m project 3 £5.2m project 4 £4.8m project 5 £1.6m project 6 £6.2m project 7 £3.85m project 8 £3.5m	£50K
Sub-Total £41.35m	
Part Programme total £252.35m	£338K
Full Programme total £481.35m	£590K

Additional projects identified and using the framework over its lifetime will increase income.

Costs and resource of the Framework management structure

The new Framework will be twice the size in value than the current Framework, the number of individual projects using will significantly increase and the number of contractors involved could be up to 46 contractors with a minimum of 16.

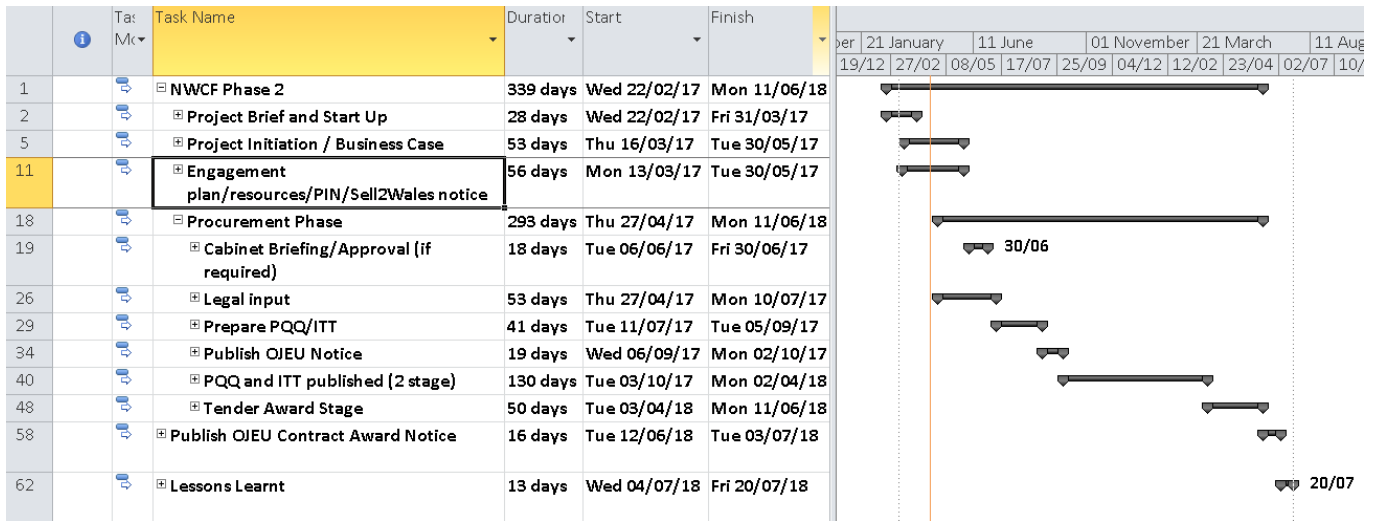
The below proposal seeks to ensure that the Framework is resourced adequately to manage the significant increase in the volume of works.

Core Structure	Annual Cost
Framework Manager	£57,000.00
Part fund - Innovation and Development Manager	£33,000.00
Sub total	£90,000.00
Funded by Framework Income	
Part fund - Innovation and Development Manager	£13,000.00
Admin Support	£16,000.00
Travel expenses	£ 3,000.00
Events and Marketing (request contribution from contractors when tendering the Framework)	£ 3,000.00
KPI tool (to be funded by the contractors)	£ 5,000.00
Allocation for setting up next Framework	£20,000.00
Sub total	£60,000.00
TOTAL	£150,000.00

The Framework cost and the pipeline of works will be appraised on a monthly basis to ensure that the cost does not exceed the budget proposed, in particular it does not exceed the contribution made by the NWLA. A half yearly report will be presented to the Strategic Management Board for direction.

PART 3 – DELIVERY ARRANGEMENTS

TIMESCALE FOR DELIVERING NWCF2



COST FOR DELIVERING NWCF2

Cost of delivering the 2nd Phase of NWCF		
Area	Fees	Detail
Project Management	£20,000	PM support one day extra a week (arrange reviews with OMB, chair/organise supply chain and potential clients engagement meetings, ensure information is on time for approval, cabinets, etc.)
Construction Advice	£10,000	External procurement advice on Framework specific matters.
Procurement	£30,000	OJEU and PID notices, review of PQQ&ITT documentation, advice and review of the tender returns
Legal	£25,000	Preparation of legal documents Framework agreement, IAA, etc.
Events +Engament	£2,000	Events, engagement with supply chain
TOTAL	£87,000	Capped

Cost of managing the current NWCF		
Cost of Framework Mgt 2017-18	£3,686	As per 160727 construction Framework Cash Flow 2016-17 plus £1200 PT and LGA
Cost of Framework Mgt 2016-18	£72,703	As per 160727 construction Framework Cash Flow 2016-17
TOTAL	£76,389	

TOTAL Cost delivering both		
Cost of Framework Management	£76,389	As per 160727 construction Framework Cash Flow 2016-17
Cost of 2nd Phase	£87,000	
Total Cost	£163,389	

Billing Proposal		The cost of setting up the new Framework and Managing the Current one is included within the agreed contribution from LA in the Inter Authority Agreement and not in addition to.
Total Cost per LA 2016 -17	£13,616	
Total Cost per LA 2017 -18	£13,616	

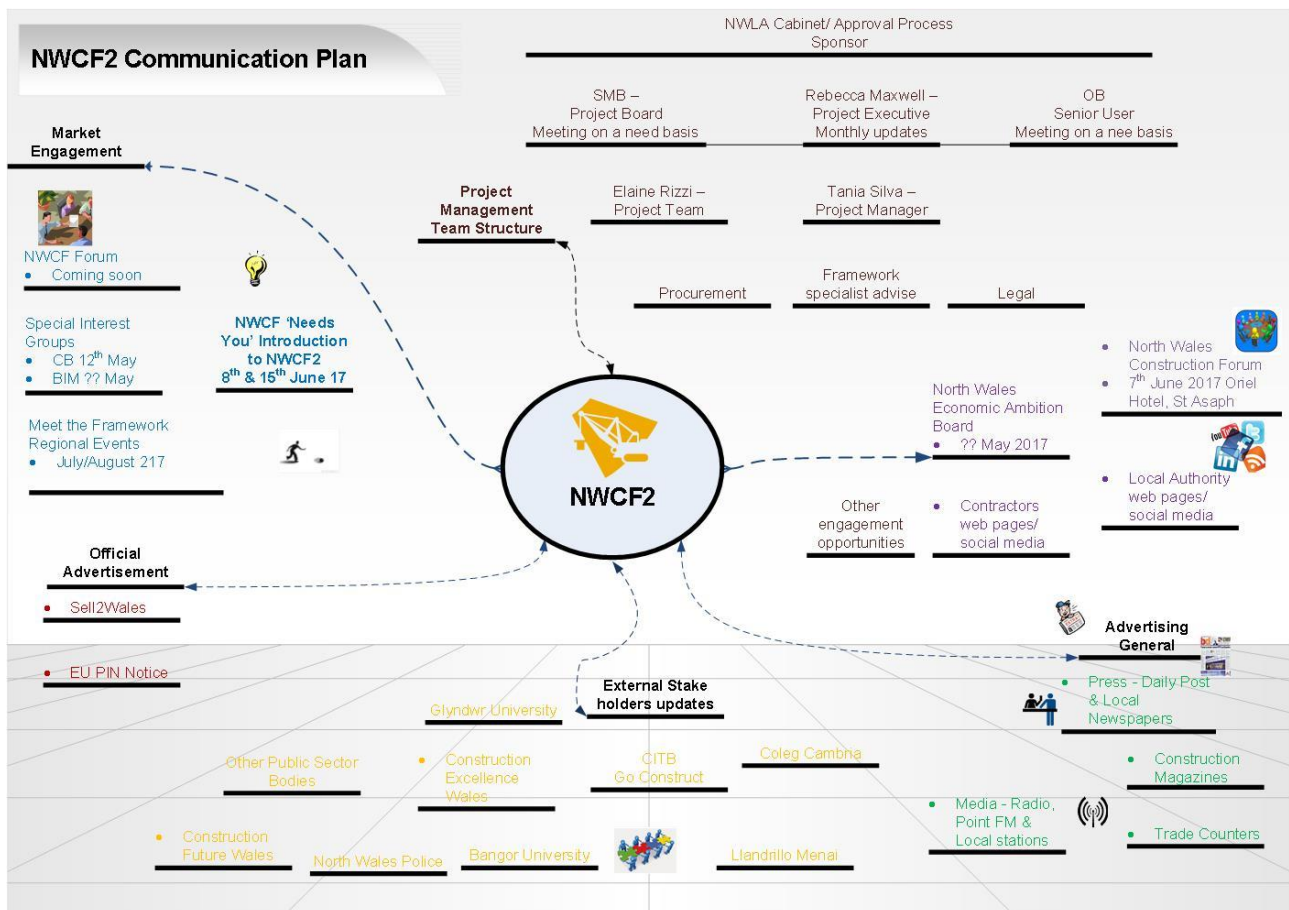
PROJECT MANAGEMENT ARRANGEMENTS

The delivery of the new Framework Agreement will be managed by the Framework management team this will be the best way to ensure that the lessons learned are applied appropriately to the next reiteration. The FM team will project manage the delivery of the new Framework and continue to managing current Frameworks.

Additional support and review of the JD's is required.

- 50% Framework Manager will be dedicated to project manage the new Framework
- Framework support time will increase and take on some of the Framework Management role continuing giving support to the current Frameworks.
- Additional support is needed for administrative tasks such as booking rooms arranging meetings, raising orders, etc.
- External advice may be required at pre procurement stage and/or during implementation

Communication Plan



RISKS

The second reiteration North Wales Construction Framework will be different in size and value. The landscape of the programme of works will change (refurbishments & extension projects) and proposed sub OJEU lots ranging from £250k to OJEU (currently £4.22m) and potentially reviewing the geographical split of the lots below OJEU.

No clarity on the value of Band B, percentage contribution from WG or the impact of benchmark costs.

Unless changes are properly controlled, the time, cost and quality goals of the framework may never be achieved and our customer NWLA may not maximise their demonstrable delivery to Policy drivers such as, Social Value act, Well being agenda, BIM and delivering the Wales we Want.

- Welsh Government not funding projects, higher percentage claw back on grant conditions of those funded
- IAA not agreed by the 6 North Wales Local Authorities. (Governance structure, roles & responsibilities, accountability)
- Framework not being used by other public bodies
- Partners not commissioning due to economic climate
- Contractors not tendering for work
- Legal challenges on setting up next generation framework from Contractors as to procurement process followed
- Legal challenge from unsuccessful contractors
- Continuous improvement not meeting expectations due to number of contractors on lots and driving efficiencies
- Not achieving Value for Money
- Failure to measure & incorporate social value (community benefits) into framework commissioning & procurement processes
- Framework Management not properly resourced
- Clients and Contractors not fully engaged in Framework ethos
- Lack of practical application of Whole Life Cost (WLC) & Life Cycle Cost (LCC) into framework projects
- Lack of standard approach to construction procurement
- Increased framework management due to revised lotting arrangements and number of contractors involved

NWCF2 builds on NWCF1 successes and allows us to develop a more sustainable model into the future whilst reducing costs and driving value.

NWCF2 will embed lessons learned from NWCF1 and provide a collaborative vehicle harvesting benefits of scale and integration, whilst enabling local Customer aspirations and policies. The framework provides a vehicle to work in an All Together better way – reducing duplication and enabling common standards to be applied and efficiencies to be harvested.

The increased phasing in off user charging will reduce the framework cost to the stakeholders and enhance the value for the Client led activity whilst protecting the obligations attaching to transparent competitive procurement.

RECOMMENDATION

To establish a new collaborative framework that considers the proposed changes highlighted in Part 2 which will be funded by a contribution of £15k from each of the six authorities with any remaining costs to be funded via the contractor percentage payment mechanism presented in Part 2 (b). The cost of setting up the framework has been covered by the final year subscription of the 6 Local Authorities, with the annual running cost of the framework estimated at £150k per annum. Any shortcomings would need to be underwritten by the collective Authorities

Appendix 1

Agencies Supporting the Delivery of Community Benefits in North Wales

Antur Teifi	Prince's Trust Wales
Bangor University	Project 5
Business Wales	Social Enterprise Network
Career Wales	Techniquist
Chwaraeteg	Gwynedd Business Development
CITB	
Coleg Cambria	
Communities First	
Construction Excellence in Wales	
Construction Futures Wales	
Denbighshire Voluntary Services Council	
DWP - Anglesey	
DWP - Conwy	
DWP - Denbighshire	
DWP – Flintshire	
DWP - Gwynedd	
DWP - Wrexham	
Flintshire Business Development	
Glyndwr University	
Group Llandrillo-Menai	
Institute of Collaborative Working	
LIFT Programme	
North and Mid Wales Reaching Wider Partnership	
North Wales Economic Ambition Board	
North Wales Working Well Together	

Appendix 1a – Operation and Best Practice

BIM, Community Benefits, Standardisation and Collaboration are prime drivers of the Framework priorities. The forums include a wide range of stakeholders including contractors, clients, supporting agencies, colleges and third sector organisations allowing skill, knowledge and innovation sharing to aid the delivery of targets. The use of innovative initiatives such as BIM and the National Construction Skills Academy- Client Base Approach are integrally built into and established within the operations of the NWCF. Fair payment initiatives are also encouraged, such as the use of project bank accounts.

Projects let through the Framework have used ECI and a two stage approach to enable the maximum impact of having a professional team in place to deliver value for money.

NWCF1 has made tangible contributions to delivering the Wellbeing of Future Generations goals at Client, Supplier and Community levels. Community Benefits are one of the main drivers of this framework with an aspiration of 78 weeks TR&T per million pounds spent. The close working relationship has enabled clients and contractors to have realistic targets of what social benefits can be delivered through their projects.

As the NWCF was the first of its type in the region there are a number of best practice developed during the life of the Framework and themes that will need further development in the next generation.

- Effective Framework Management.
- Implementation of standardised methodologies and mini tender competition process
- Establish a regional collaborative approach
- Delivery of community benefits in each project
- Engagement with supporting agencies
- Engagement with supply chain
- Dissemination of knowledge and best practice through SIGs and Forums
- Supporting other organisations to adopt best practice
- Award winning Framework for best practice in Wales
- Excellent communication channels
- Income generating programme resulting in savings to LA contribution
- Savings by supporting other bodies to deliver their initiatives
- Skills Academy for Construction status successfully attained by Framework and Local Authorities involved.
- Interview process is a strong validation and differentiating selection tool.

Collaboration & Integration



Further Development

- Shared Apprenticeship Scheme to be used by Framework Partners
- Commitment from LA's to attendance at Boards
- Funding of the Framework Management, cost and billings issues with LA's
- Internal Communication regarding Inter Authority Agreement – single contact
- Improved mechanism to reporting to boards
- Need of a dynamic tool to monitor and record KPIs
- Develop and implement a framework wide value notation tool reflecting LA standing orders – use this to manage supplier exposure and inform selection process
- Community Benefits targets not clear and imbedded into the contract at tender stage – to allow contractors and their supply chain to plan for delivery and cost from the onset.
- Cost to LA to be reviewed and target other funding models
- LA internal teams being more involved in supporting Contractors delivering CB targets
- Restrict number of lots the contractors can apply to
- Evaluate mini tenders on a median average cost basis
- Timeline for the Client, Contractor and Occupiers Appraisal – supporting Government Soft landings
- Target regional contractors into the lower Framework lots
- Develop and implement Contractor funding model.

The governance structure needs to be more dynamic, meetings need to be called on a need basis. The proposed governance structure of the next framework should consider shared ownership, focused accountability and custodian by merit. It should set strategic direction and monitor progress against strategic vision. Community Benefits and the well-being act will continue to be an essential to addressing the social and economic issues in North Wales and the WG CB toolkit will continue to be deployed as well as Employment and Skills Plans.

Appendix 2

Report To: North Wales Construction Framework (NWCF) - Strategic Management Board

Date of Report: 30th November 2016

Project Sponsor: Rebecca Maxwell

Report Author: Tania Silva / Elaine Rizzi

Title: NWCF Phase 2 – Stage 1- Initiate Project approval

1. What is the report about?

The purpose of this report is to seek approval to begin the process for the procurement of the NWCF Phase 2 to be in place for May 2018.

In order to ensure that all projects in the current programme of works are procured and monitored appropriately we also seek approval to extend the current Framework beyond April 2017 until the end of the four year term May 2018. This will allow for a smooth transition by continue the engagement with stake holders and to secure the commitment of the NW authorities.

2. What is the reason for making this report?

Following the success of the NWCF and the benefits in procurement time, cost and value added provided by it, it is proposed to initiate a project that allow the NWLA to continue to have a Framework in place for the procurement of regional construction projects.

It is proposed to renew the current Framework and extend it's scope to cater for every construction project over £250K threshold and to incorporate the lessons learned from the current iteration.

The NWCF has been a catalyst for engagement and upskilling of the regional supply chain that will enable local contractors to be part of the lower lots

Alongside the regional framework, the project's scope is to also continue improving the current construction procurement practices for projects valued below this threshold across the region, to ensure consistency, driving the delivery of community benefits, develop continuous improvement and set new benchmarks for best practice.

It is proposed that the framework will be set up by the six NW authorities and available to be used by other public sector agencies (Higher Education, Police Authority and Fire and Rescue Services) by May 2018 and be in place for four years (with a break clause to review after 2 years).

A decision is required from each North Wales authority to agree to implement the project for the North Wales region as a condition of grant funding from the 21st Century Schools Programme.

3. What are the Recommendations?

It is recommended to extend the NWCF to the end of its term May 2018 and to approve the initiation of the project to procure the second phase.

4. Report details.

The operational board of the NWCF formed by the six north wales authorities is seeking to continue to have a collaborative construction Framework in place as it's now evident that procuring projects via this route is effective.

It also consistently aids the delivery of added value in the form of

- Targeted Recruitment and Training,
- Supply Chain engagement and upskilling,
- Reduced time and cost of the procurement process
- Standardised approach and processes that in turn helps reduce risks
- Continue to have a collaborative relationship with the contractor partners in the Framework minimising confrontation
- Engagement with supporting agencies to enable the delivery of KPI targets

Project Governance

The project has been set up with sound governance and reporting structures. Approval will be required from all cabinets prior to going out to tender and before appointment of contractors including the cost of managing the Framework

Value and scope of Programme

The main driver for the project is to obtain value for money from public procurement and deliver community benefits across the region. This is best achieved through an aggregation of construction projects associated with the 21st Century Schools Programme.

Lotting Strategy (the way in which the framework will be divided into value bands)

Proposed lotting structure for framework–

	Value Bands					Number of Contractors per Lot
	£250k > £1m	£1m > £2.5m	£2.5m > £5.5m	£5.5m > £10m	Over £10m	
West	Lot 1					10
East	Lot 2					10

Regional		Lot 3				10
Regional			Lot 4			6
Regional				Lot 5		6
Regional					Lot 6	4

Procurement Strategy - Overview

Improving current practises for all large construction projects with standardised procurement approaches and improved collaboration procedures to continue to have a common regional procurement approach, share best practice, develop standard specifications and share resources.

Community Benefits (Social and Economic)

The “Community Benefits, Delivering Maximum Value for the Welsh Pound” toolkit produced by Value Wales will be incorporated into the framework.

The Framework successfully attained the accolade of National Skills Academy for Construction (NSAfC) enabling each of the Council’s on the Framework to use the methodology for the monitoring and delivery of Community Benefits

The new framework will continue to maximise the benefits of the projects to the local community and sustain economic development. The following considerations will be sought through a community benefits plan submitted by the contractors. It is proposed that the training and employment element of community benefits has a core approach and other elements be non core and these will be set out in the terms and conditions in the individual contracts and the framework management will ensure sound contract management to deliver the wider benefit’s set out below:

- Training and employment targets – work experience, mentoring, training in line with the NSAfC
- Embed the use of the Fair Payment Charter and promote and encourage prompt payment of sub-contractors
- Consider opportunities for supported businesses
- Education – work placements, volunteering at school / college open day events, school visits
- Jobcentreplus work experience programme
- Princess Trust programmes
- Community Initiatives - supporting local youth Groups and Community
- Open opportunities for SME’s to bid.
- BIM
- Standardisation of design
- Standardisation of tender documentation

The above is an agreed set of principles that will be delivered through the procurement process, but with scope for each authority to determine their own specific economic needs and to ensure that the contract conditions for each project specify the actual community benefits that are sought. This will allow flexibility in the process and can be tailored to each

specific project and local authority's needs, whilst enforcing the community benefits needed as a result of this investment across the region.

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

- It aids with the compliance of the Future generations and wellbeing act.
- Contribute towards the Councils commitment to support the local economy by enabling local supply chain growth.
- Community Benefits (educational and economic) are a key priority for the project. The project must also deliver on the commitment to securing economies of scale, continuous improvement and efficiencies through procuring projects through a framework approach.

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

The current Framework has an IAA in place that enable the six NWA to fund the Framework Management Team.

The funding agreed through the IAA is of £15K each pa we are proposing that this fund will suffice for the setting of the renewal Framework.

We are seeking for a similar agreement to be in place for the management of the new Framework with the view to become self-funding by charging contractors to be part of the Framework and/or winning projects.

See cost breakdown on Appendix 1

Legal

An inter authority legal agreement between the participating authorities would be required to be drawn up to ensure in the event of a legal challenge that the cost of this would be spread amongst the collaborative authorities and not borne by an individual authority.

Effects on the environment

All 21st Century Schools projects delivered through the framework will be at a minimum of BREEAM Excellent ((BRE Environmental Assessment Method) which is the leading and most widely used environmental assessment method for buildings).

Zero waste and carbon reduction initiatives will be essential part of the Framework KPIs, energy efficient buldings with use of new technologies to achieve efficient low emissions.

7. What consultations have been carried out and has an Equality Impact Assessment Screening been undertaken?

Stakeholder Engagement has been a key part of the project work. Key stakeholders in this process have been the construction industry, officers in all six North Wales authorities and Welsh Government (DfES, Value Wales, and Constructing Excellence Wales). Contractor briefing events will be to engage with the wider Construction industry in order to provide support to local firms to enable them to bid on the new Framework.

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

One of the key risks is that local SMEs are not appointed onto the framework for North Wales. The project team (working with national trade bodies) aim to mitigate this by engaging with the market and ensuring that the proposed procurement vehicle that is developed, is a fair and transparent model to all contracting organisations. Balance is also maintained by a proportion of construction work being retained for tendering outside the framework. Work with Construction Skills and SDS (Supplier Development Service), Menter a Busnes and National Federation of Builders has enabled the development of bespoke and generic economic development support packages for the construction industry.

9. Decision Required

Approval to extend the current NWCF to April 2018.

Approval to Initiate a Project to look into the 2nd Phase of the NWCF

Approval to fund the Framework team as per Appendix 1.