

Report to	Cabinet
Date of meeting	28 June 2022
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Title	Future of the North Wales Construction Partnership – Main Contractor Framework

1. What is the report about?

1.1. The North Wales Construction Partnership (NWCP) is the only public sector Major Construction Framework in the region, it was created and is managed by Denbighshire County Council on behalf of the six NW Local Authorities. The Framework plays an important role as the main procurement vehicle for large Public Sector construction projects in North Wales. The current Framework will expire in May 2023. The process of creating a replacement usually takes one year, this report outlines how the unprecedented effect of COVID alongside the current economic climate and the nature of how capital projects are funded, has impacted the delivery of the NWCP programme of works in the region, including those within Denbighshire County Council, and the options available to continue to deliver projects using it.

2. What is the reason for making this report?

2.1. A decision is required on whether to re-procure a new Framework or to extend the current NWCP Framework for up to one year. This is to allow Public Sector bodies in North Wales, including Denbighshire County Council, to be clear as to how they will procure their construction projects going forward, in particular, those projects that were originally intended to use the Framework and/or were part of the initial programme of works.

3. What are the Recommendations?

- 3.1. To approve extending the Framework for one year, will provide time for projects to continue to be let as per the programme and allow time for expected new UK and Welsh Government procurement legislation to be released and/or embedded into the processes, to be utilised when procuring a new Framework.

4. Report details

- 4.1. The framework is set up to deliver a range of major projects across North Wales with a combined value of £500 million and includes projects valued over £250K, the framework is split over five value lots.
- 4.2. As well as the six North Wales Local Authorities (NWLAs), the framework can and is also utilised by other public sector bodies across the region, providing value for money and wider benefits to North Wales.
- 4.3. The framework pioneered the delivering Community Benefits making it a core part of the procurement approach; a set of Community Benefit principles is incorporated into the Framework's operation to unlock wider economic, social and environmental regeneration.
- 4.4. One of the framework priorities is sustainability, it embraces carbon reduction initiatives and provides training to stakeholders to ensure the efforts contribute to Zero Carbon and environmental targets and obligations.
- 4.5. The framework aims to secure improvements to the built environment by delivering the best value, energy-efficient, sustainable facilities; utilising the highest possible safety and environment standards, innovation and collaboration, and creating a lasting legacy through targeted investment in employment and communities.
- 4.6. It operates in an environment of openness, transparency and flexibility, which enables stakeholders to embrace the partnership approach.

4.7. Construction Market Situation following COVID and Brexit

Following a period of unprecedented changes in the world and in particular in the UK due to Brexit, COVID and more recently the Ukraine War, the way the construction industry has to operate has significantly changed. To understand the extent and impact of these challenges we hosted a series of meetings with clients and contractors, the NWCP engagement, gave us a clearer view of the issues facing the construction industry and how contractors are responding to these challenges.

4.8. The overall issues are listed in the full report, followed by recommendations that we believe enable both clients and contractors to travel through this transition in the best possible way and continue to operate collaboratively.

[See Appendix 1 – Future of the NWCP full report](#)

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

5.1. The Framework will continue to support priorities within the current (2017 – 2022) Corporate Plan in terms of:

5.2. **Environment** – by supporting the reduction of carbon emissions from Council assets through the delivery of new and refurbished buildings. It will also contribute to the adoption of Zero Carbon initiatives that enable procuring bodies to manage the carbon footprint of their asset, as well as providing training to Clients and the Supply chain.

5.3. **Resilient Communities** – by using our expenditure as a lever to deliver Community Benefits that support people to plan and shape their communities.

5.4. **Young People** – by continuing to build schools via the 21st Century Schools programme and ensuring that each contract provides opportunities to develop skills, work experience, career advice and mentoring, as well as creating local sustainable employment.

5.5. The Framework intends to maximise opportunities to reduce carbon emissions in the built environment by

5.5.1. Introducing a mechanism to identify baseline carbon emissions from its Contractors, reviewing the annual reduction targets of their main contractors including their supply chain and reviewing their performance against achieving Net Zero Carbon

5.5.2. Nurture and promote a common collaborative environment of industry-leading best practices and continuous improvement, working towards Net Zero Carbon emissions

5.5.3. Provide regular and objective evidence of contractor's performance against the carbon emission reduction targets they have set out for themselves in their Achieving Net Zero Plan

5.5.4. Challenge the status quo; stimulate creativity and innovation; promote shared learning

5.5.5.

Maintain quality, safety, functionality and affordability

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

6.1. An Inter Authority Agreement has been signed by each of the NWLA committing to pay £15K each per annum per Local Authority, this may need to be extended for an extra year or decide that the agreement remains in place for as long as we continue to have a Framework.

6.2. For Denbighshire, this sum is already budgeted within existing operational budgets. These arrangements support the employment of the Framework Management Team and associated activity.

7. What are the main conclusions of the Well-being Impact Assessment?

7.1. The Framework has a positive impact not only in Denbighshire but across the North Wales region by creating new facilities for public use. This includes; building new schools, construction of which protects existing and creates new jobs in the construction sector, through the Framework Community Benefits approach this work also provides the opportunity for community involvement and engagement and helps promote vibrant, culture and the Welsh language.

7.2. The framework place importance on delivering the greatest benefit from the investment made ensuring there is a positive impact on local communities.

7.3. Stakeholders were involved and consulted for this assessment, it was first assessed during the development of the business case.

For the full Well Being Impact Assessment See Appendix 2

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

8.1. Clients and Contractors appointed to the Framework continue to express their commitment and have been engaged before initiating these processes.

8.2. The Framework was developed in collaboration with senior managers, construction, legal and procurement professionals from all the six partner authorities.

8.3. Other Public Organisations were consulted and engaged with as potential users of the Framework.

9. Chief Finance Officer Statement

9.1. The North Wales Construction Partnership – Main Contractor Framework has helped deliver a range of major projects across North Wales. It is important that the framework continues, or is replaced, in order to minimise the risk of any delays to projects. Advice appears to be that the proposed extension is an acceptable way forward from a legal / procurement perspective. The extension does not entail any direct additional costs. The proposed extension is therefore fully supported.

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

The following key risks have been identified:

10.1. Legal challenge concerning the extension of the Framework – legal advice has been sought to limit the risk of a challenge. There is also a precedent from SEWSCAP Framework, our equivalent in South East Wales, in January 2022 successfully achieved a year extension without challenges.

10.2. Lack of engagement from Contractors on the Framework – Continue to work closely in a partnership manner that has to date enabled us to successfully procure projects during the current challenging times.

11. Power to make the decision

11.1. The power to make decisions is contained in S2 Local Government Act 2000, S111 Local Government Act 1972, and Regulation 33 Public Contracts Regulations 2015.

11.2. Extensions to frameworks are permitted under Regulation 72 of the Public Contracts Regulations 2015 as amended ("PCR")