

CABINET

Date of Meeting	Tuesday, 20 th June 2017
Report Subject	Renewal of North Wales Construction Framework
Cabinet Member	Cabinet Member for Education and Cabinet Member for Corporate Management and Assets
Report Author	Chief Officer (Education and Youth) and Chief Officer (Organisational Change)
Type of Report	Operational

EXECUTIVE SUMMARY

The North Wales Construction Framework was established in 2014, primarily to deliver the construction of new school buildings, or the remodelling and refurbishment of existing school buildings, under the Welsh Government's 21st Century Schools programme.

The Framework is a partnership between the six North Wales Authorities with Denbighshire County Council acting as the lead Authority. The Framework can and 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.

RECOMMENDATIONS

1	That Cabinet endorses the approach outlined to procure the next generation North Wales Construction Framework.
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1.00	THE CURRENT FRAMEWORK AGREEMENT EXPIRES IN MAY 2018, AND THIS REPORT OUTLINES THE PROPOSED APPROACH FOR RENEWING THE FRAMEWORK AGREEMENT.
1.01	<p><u>The Existing Framework</u></p> <p>North Wales Construction Framework 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.</p>
1.02	<p>The Framework provides a streamlined, cost-effective and collaborative mechanism to secure contractors for construction projects in schools and other public buildings across North Wales.</p>
1.03	<p>The current Framework has three value lots with six contractors: Balfour Beatty; Galliford Try; Kier; Read Construction; Wilmot Dixon and Wynne Construction and there are currently 20 “live” construction projects being progressed across the region with a contract value in excess of £200 million.</p>
1.04	<p>Projects which have been delivered or are currently being developed through the Framework within Flintshire are as follows:</p> <ul style="list-style-type: none"> • Holywell Learning Campus – Completed on time and within budget • Deeside 6 – Coleg Cambria – Completed on time and within budget • Connah’s Quay High School Modernisation – At development stage • Penyffordd – New Primary school (on one site) – At development stage
1.05	<p>Aside from the benefit of a collaborative approach and early contractor engagement, one of the main benefits of the framework is the delivery of community benefit.</p>
1.06	<p>The 20 regional projects have delivered the following community benefits:</p> <ul style="list-style-type: none"> • Over 900 hours of work experience • Over 1,000 training hours delivered • 320 NVQ/Apprenticeship weeks delivered • 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 the construction supply chain comes from within a 30 miles radius of the project/s • 30 work placements for NEET (Not in Employment, Education or Training) individuals in partnership with the Princes Trust
1.07	<p><u>The Proposed Next Generation North Wales Construction Framework</u></p> <p>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.</p>

1.08	Details of the next generation North Wales Construction Framework are set out in the Business Case attached as Appendix 1.
1.09	<p>The approach is to build on the strength and success of the current Framework, whilst making some changes to improve performance. Key changes include:</p> <ul style="list-style-type: none"> • 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(Section 6 provides further details on costs).
1.10	The new Framework proposal is for more lots and lower value thresholds and by adopting this approach it is hoped that more contractors will be attracted to the new Framework and that it will increase competition and pricing competitiveness.
1.11	<p>There is a requirement for an enhanced Framework Management Team. This team will continue to be hosted by Denbighshire County Council, and this continuity will ensure that collaboratively North Wales Authorities can build on the success of the initial Framework Agreement and improve the impact of the framework in terms of:</p> <ul style="list-style-type: none"> • Engaging with contractors to maximise community benefits and support and develop local supply chains. • Working with economic development teams to develop local companies where gaps in supply chain exist; and • Continuing to work with educational organisations to provide improved training and development opportunities and work placements.
1.12	<p>The Framework renewal will have an overall positive impact on future generations within Flintshire and the wider North Wales region, through:</p> <ul style="list-style-type: none"> • the development of new and improved school buildings (and other public buildings) • up-skilling the workforce through the numerous training and work placement opportunities; and • developing the local economy by providing opportunities for local contractors.

2.00	RESOURCE IMPLICATIONS
2.01	The cost of setting up the new Framework arrangements will be met through the funding arrangements for the existing framework, whereby each Authority had previously agreed the sum of £15,000 each year as a management fee to Denbighshire County Council.

2.02	The new Framework will require the same level of financial commitment (£15,000 per annum) from each Local Authority.
2.03	Under the previous Framework Flintshire's annual contribution was paid from the 21st Century Schools programme. It is proposed that the same principle should apply to the renewed framework.
2.04	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. Such income (which is of low value) could be spent on additional training or supply chain initiatives, or potentially shared out between the partner authorities.

3.00	CONSULTATIONS REQUIRED / CARRIED OUT
3.01	The proposals for the renewal of the North Wales Construction Framework have been developed through the involvement and engagement with senior officers, 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.
3.02	There has also been involvement from contractors on the existing framework and other local contractors who are interested in being involved in the new Framework arrangements.

4.00	RISK MANAGEMENT
4.01	Risks around the framework are managed through the Framework's Strategic Management Board to which each Local Authority has Senior Officer representation from all six North Wales Authorities.

5.00	APPENDICES
5.01	Appendix 1 – Framework Business Case (Denbighshire County Council).

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	N/A Contact Officer: Damian Hughes Telephone: 01352 704135 Email: damian.hughes@flintshire.gov.uk

7.00	GLOSSARY OF TERMS
7.01	<p>North Wales Construction Framework – Is an innovative collaborative working solution, which has been developed to support the delivery of the 21st Century Schools programme and other public buildings in the North Wales region. Instigated by the Welsh Government and supported by Construction Futures Wales, the Framework is made up of the six North Wales Authorities and seven main construction companies, hosted by Denbighshire County Council.</p> <p>21st Century schools programme – Is a collaboration between the Welsh Government (WG), the Welsh Local Government Association (WLGA) and local authorities. It is a major, long-term and strategic capital investment programme with the aim of creating a generation of 21st century schools in Wales. The programme will focus resources on the right schools in the right places, for early years through to post-16</p> <p>Community Benefits - Delivery of added value through Community Benefits Policy are part of 21st Century schools funding criteria and is also linked to the procurement of contractors on the 21st Century Schools programme and must be an integral consideration. They ensure wider social, environmental and economic issues are also taken into account during the project life cycle.</p> <p>Lot/Lotted - One of a number of categories of goods or services which a single procurement process has been divided into. In this case monetary amount associated with construction value.</p>