

**SEWSCAP CONTRACTORS FRAMEWORK
CONTRACTORS CONSULTATION REPORT**

For

**RHONDDA CYNON TAF
COUNTY BOROUGH COUNCIL**

July 2010

On Behalf of:



Llywodraeth Cynulliad Cymru
Welsh Assembly Government





Contents;

1.0 Aims and Objectives of Framework	5
1.1 SEWSCAP Contractors Framework Objectives	5
1.2 21 st Century Schools Objectives	6
1.3 Framework Timetable	6
1.4 Scope of the Framework	6
1.4.1 Anticipated School-associated Building Types	8
1.4.2 Term of the Framework	8
1.4.3 Framework Participation Matrix	9
1.4.4 Geographical Extent	9
1.4.5 Framework Users	9
1.4.5 Community Benefits	10
2.0 Sources of Funding	11
3.0 The Framework Lots	12
3.2 New-Build and Large Refurbishment	12
3.3 Small Refurbishment Lot	12
3.4 Volumetric Construction Lot	13
3.5 Framework Lot / Tier rules	13
3.5.1 Grouping Projects	13
3.5.2 Scheme Value	13
3.5.3 Expansion of Scope	13
3.5.4 VAT	13
3.5.5 Pre-selection / Single Action Tenders	14
4.0 Framework Tender Process	15
4.1 GMP for palette materials	15
4.2 GMP for Standard Temporary Works Items	15
4.3 Offsite Construction	15
4.4 Pricing Models	16



4.5 Selection Criteria	16
4.6 Palette Expansion	16
5.0 Using the framework	17
5.1 RIBA Stages	17
5.2 Early Contractor Involvement (ECI)	17
5.3 Mini-tender – Pricing	17
5.4 Novation	18
5.5 D&B Mini-Tender	18
5.6 Full Design Mini-Tender	19
6.0 Contract Forms	20
6.1 NEC Short Form	20
6.2 NEC Option A	20
6.3 NEC Option C	20
7.0 KPI Strategy	21
7.1 Commission KPIs	21
7.2 Project KPIs	21
7.3 Monitoring and Reporting of KPI's	21
7.4 Target Cost Contract	22
8.0 Framework Management	23
Appendix 1: Examples of Palette Structure	24
Appendix 2: Contractor Questionnaire	25



Preface and Introduction to the Report

This report has been commissioned by Rhondda Cynon Taf CBC on behalf of the South East Wales Schools Capital Working Group (SEWSCAP).

The report outlines the ethos, scope, and implementation of the SEWSCAP Contractors Framework for the common understanding of the potential contractors.

The report should be read in conjunction with 21st Century Schools publications (including; 21st Century Schools Information Document, published May 2010).

This report represents a consultation document only, intended to facilitate dialogue with potential contractors throughout July / August 2010. The outcome of the consultation process will be considered for incorporation into the tender documents as agreed by the users.

This report is not binding on any of the contracting authorities and does not amount to any promise or statement of intention or offer to enter into any contract. In particular, the contracting authorities reserve the right to change any element referred to in this report when the tender exercise is commenced.



1.0 Aims and Objectives of Framework

AIM: To provide a simple, easy to use and transparent process to manage and deliver building construction programmes in South Wales.

The primary objective is to create a new bespoke framework, tendered via the OJEU process, which allows the participating local authorities to instruct construction activities from a common pool of prequalified, suitably experienced and vetted contractors.

VISION: The SEWSCAP Contractors Framework will provide a framework of excellent contractors who will engage positively with users and their consultants to provide construction services that will deliver our Future Schools (and other Construction projects), deliver value for money, and other benefits in their construction.

1.1 SEWSCAP Contractors Framework Objectives

The framework shall;

- Be used collaboratively by local authorities for any public sector build or refurbishment programme.
- Provide buildings that match user requirements for functionality, effectiveness, sustainability, quality, whole life cost and aesthetic considerations.
- Establish an arrangement that provides a meaningful work-stream to contractors on the framework.
- Develop a sound contractor base that is fully committed to the framework.
- Facilitate contractors, users, consultants, and designers working together in the most effective manner.
- Facilitate early joint working of consultants, contractors and users, to enhance the design process and gain best overall value from the budget.
- Encourage users to commission work jointly and aggregate procurement to realise better value.
- Reduce the cost of procurement for participating LAs and enhance the speed of delivery from planning to completion of construction.
- Deliver the existing community benefits required by LAs.
- Work to realise additional benefits in communities including employment, supporting local businesses (including subcontractors / suppliers).



-
- Create a project environment where timely delivery of construction programmes is encouraged.
 - Engage the participating LAs, consultants, and contractors in the process of continuously improving the framework delivery.

1.2 21st Century Schools Objectives

In May 2010 the WLGA released “The 21st Century Schools, Information Document, May 2010” which sets out the objectives of that programme.

1.3 Framework Timetable

The framework will move from a concept to implementation through several phases, including; 1) consultation, 2) framework tendering process, 3) framework pool establishment 4) project mini-tenders (see figure 1).

The consultation phase will be completed in August 2010.

The framework tender process will present the framework objectives to the market via an OJEU notice. This phase will end with the appointment of the successful bidders to the framework pool in readiness for project mini-tenders.

The framework will be implemented via project mini-tenders produced by the users during the last quarter of 2010.

1.4 Scope of the Framework

The framework is intended to be a highly attractive procurement option for a wide range of applications.

The framework tender exercise will appoint contractors to the framework competitively, and will produce a database of prices for key building elements and activities. Users will be able to compile project cost plans at an early stage, and guide the design process towards the most cost effective design solution.



Llywodraeth Cynulliad Cymru
Welsh Assembly Government

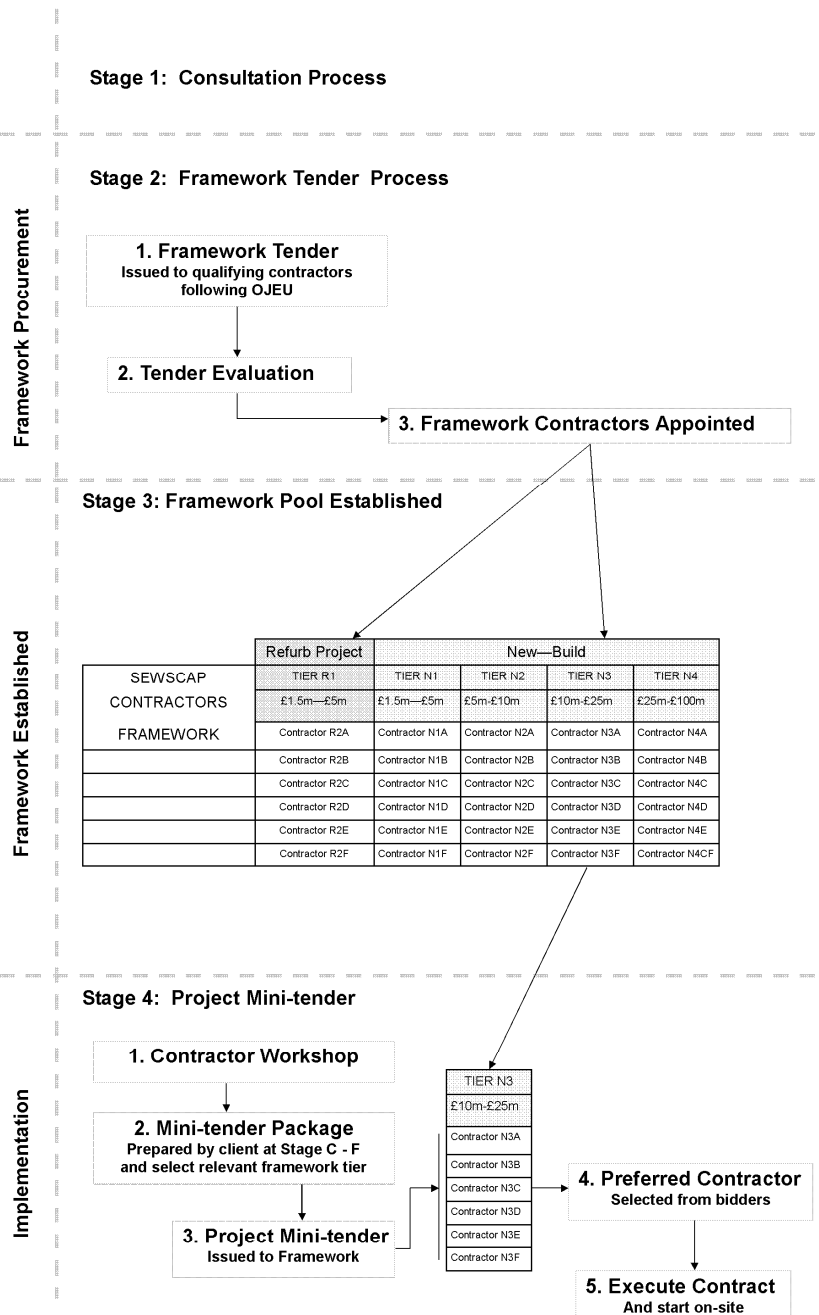


Figure 1: Framework establishment process.



1.4.1 Anticipated School-associated Building Types

The framework will provide a wide based procurement option enabling users to procure construction works for new build or refurbishment work of primarily education infrastructure, including;

- Primary Schools.
- Secondary Schools.
- High Schools.
- Sixth Form Facilities.
- Early Years.
- Nursery / Day Care.
- SEN Provision

Refurbishment of existing school buildings will be a key part of some 21st Century Schools projects. The framework will include a procurement mechanism for the majority of school refurbishment projects above a minimum threshold value.

In addition to education related buildings, the framework will provide a procurement route for other local authority / other user buildings such as;

- Leisure facilities
- Council and other offices
- Visitor centres
- Storage buildings
- Community Facilities
- Emergency Services
- Other as appropriate

1.4.2 Term of the Framework

It is envisaged that the term of the framework will be 4 years from the date when the framework agreement comes into effect.



1.4.3 Framework Participation Matrix

The framework pool will include several tiers where projects are matched using project value to appropriate contractors. This will enable a wide range of contractor expertise to be appointed to a wide range of projects.

Due to local factors, some users may only engage with the framework in relation to certain project types and values.

The spread of anticipated engagement will be announced in the Invitation to Tender (ITT).

1.4.4 Geographical Extent

The anticipated operational extent of the framework is restricted to the administrative areas of the various framework users as listed below.

1.4.5 Framework Users

The original parties to the framework are primarily Local Authorities but there may be other community organisation included who may wish to access the framework and these are listed below.

Participating Local Authorities

- Blaenau Gwent CBC
- Bridgend CBC
- Caerphilly CBC
- Cardiff CBC
- Merthyr Tydfil CBC
- Monmouth CBC
- Newport CBC
- Rhondda Cynon Taf CBC
- Torfaen CBC
- Vale of Glamorgan CBC
- Any other local authority or Public body in South East Wales



In addition to Local Authorities the following parties have expressed interest in utilising the framework for construction projects;

- Gwent Police
- Gwent Fire Brigade
- Church in Wales Schools

1.4.5 Community Benefits

It is envisaged that the recommendations of the “Community Benefits, Maximising the Value of the Welsh Pound” document produced by Value Wales will be incorporated into the framework.



2.0 Sources of Funding

It is anticipated that the framework will provide a convenient procurement method for users to procure cost-effective and high quality contractors for construction project work.

As a result, it is anticipated that funding from a variety of sources will be deployed via the framework. At present, this comprises funding from the Welsh Assembly Government, European Central Government, the UK Government, Local Authorities, and other bodies.

Future sources of funding may include the existing funds listed below, plus any new source of funding which may be introduced by the Welsh Assembly Government, European Central Government, the UK Government, and Local Authorities.

- WAG Tranche 3 Funding
- WAG 21st Century Schools Funding
- Heads of the Valleys Transformational Funding
- Local Authority Match Funding
- Local Authority Capital Funding
- Prudential Borrowing
- European Convergence Funding
- Energy & Sustainability Related Grants

Advance estimates of the amount of funding are not available at present. However, an exercise is ongoing to quantify these sources of funding and an updated estimate will be available in early August 2010.



3.0 The Framework Lots

At present, the framework users currently pursue a wide range of procurement methods for construction projects. It is anticipated that the framework will replace a wide range of arrangements such as bespoke mini-tenders, full tenders, and older frameworks.

To enable the users to employ the most appropriate procurement option, two broad methodologies are presented by the framework. These are based around either Design & Build mini-tender, or Full Design mini-tender.

For D&B methods, the degree of user design will be decided upon by the user at project mini-tender stage.

The following lots are envisaged as appropriate to the users' needs.

- New-Build and Large Refurbishment Lot – Split into Value Tiers
- Small Refurbishment Lot – Single Tier
- Volumetric Construction Lot – Split into Value Tiers

3.2 New-Build and Large Refurbishment

It is understood that the majority of the projects let under the framework will comprise new-build projects to replace existing facilities. The range of project values is anticipated to be £1.5M to £100M in value for any one scheme.

The value tiers will match contractors of suitable size and capacity to project needs. It is anticipated that this lot will be split into 4No. value tiers.

Mini-tender competitions will follow either the Full Design, or D&B format at the discretion of the user.

3.3 Small Refurbishment Lot

It is envisaged that the framework will provide a dedicated refurbishment procurement option. It is envisaged that this lot will allow specialist refurbishment and fit-out contractors to tender directly to the user.

Contractors will be expected to provide a wide range of refurbishment services which may typically include; internal walls, finishes, M&E, windows, doors, roofing, FF&E, sanitary fittings, stairs, and lifts.

Mini-tender competitions will follow either the Full Design, or D&B format as with other lots.



3.4 Volumetric Construction Lot

Users have expressed interest in encouraging the use of volumetric construction technologies within the framework. The consultation process will establish the best method for providing volumetric technologies under the framework and full details will be provided within the ITT.

It is envisaged that volumetric construction will be provided either by means of alternative tenders within the New-Build and Large Refurbishment Lot, or through a specialist Volumetric Construction Lot.

3.5 Framework Lot / Tier rules

It is envisaged that the following mechanisms will be built into the framework rules.

3.5.1 Grouping Projects

By agreement between the co-operating users, work on more than one scheme can be grouped together and presented to the lot appropriate to the total project value of the combined work. Where this occurs the mini-tender will outline all of the combined work under one cover and the work will be tendered as one.

3.5.2 Scheme Value

It is envisaged that the value of the scheme will be estimated by the user's consultant by reference to the tendered Gross Maximum Price rates (GMP). This value will be used to establish the appropriate tier for mini-tender. Should a project be presented to a tier and the resultant tendered sums fall outside of that tier, it will be the user's option either to; 1) accept a tender from the most advantageous, or 2) retender to another tier.

3.5.3 Expansion of Scope

The framework rules will allow for the expansion of scope subsequent to the mini-tender. Where the scope of the project expands after award to include new works a final project value beyond the tiers upper limit will be allowed.

3.5.4 VAT

Project value estimates and lot / tier values are to use prices which exclude VAT.



3.5.5 Pre-selection / Single Action Tenders

It is envisaged that some users may wish to pre-select suitable contractors for either mini-tender, or single action tender from the lots / tier by reference to the GMP rates. In this instance, the framework rules will allow for pre-selection and single action as deemed appropriate by the user.



4.0 Framework Tender Process

In order to comply with procurement law and also to demonstrate transparency and value for money, the core of the tenders will be a priced selection of materials, and standard temporary works items. Contractors are to price these elements as Guaranteed Maximum Prices (GMP).

Contractors invited to tender will be able to tender for any one or more lot / tier.

4.1 GMP for palette materials

Modern construction methods often include common materials and techniques which appear on several types of buildings in similar configurations. The framework will provide priced rates for these typical or common elements in a format which can be used to build up a budget estimate for a scheme. These tendered rates will be held on the framework as guaranteed maximum prices (GMP).

It is envisaged that there will be a mechanism within the framework rules to adjust the prices annually in line with recognised market indices and inflation. The contractor consultation process will be utilised to identify potential mechanisms and indices.

4.2 GMP for Standard Temporary Works Items

It is envisaged that the framework will require pricing of standard temporary works items, such as the provision of a site set-up, staff, and security items.

As with palette items, these tendered rates will be held on the framework as guaranteed maximum prices (GMP).

4.3 Offsite Construction

It is envisaged that off-site construction techniques will become a more prevalent construction technique throughout the life span of the framework.

Examples currently under consideration are bathroom pods, panelised walling and floor cassettes.

The framework will allow mini-tenders to submit alternative tenders on the basis of these techniques.



4.4 Pricing Models

GMP rates will be provided by tenderers against model quantities. One model will be provided in the ITT for each lot / value tier for the tenderers to apply prices against.

4.5 Selection Criteria

It is envisaged that a mixture of both cost and quality criteria will be used to appraise framework tenders. Two different ratios will apply based on tier value;

- 50 (cost) : 50 (quality) – for tiers below £5m.
- 30 (cost) : 70 (quality) – for tiers above £5m.

Different criteria may be applied to the later mini-tender phases to suit the users' requirements.

4.6 Palette Expansion

It is envisaged that the new materials will be developed over the duration of the framework and the framework rules will allow for tender exercises to expand the palette of materials from time to time.

This mechanism may be used to facilitate continuous improvement and integration of new sustainability features.



5.0 Using the framework

The framework will allow for the project budget to be established by the user early in the design process by reference to the GMP prices held in the framework. The framework will incorporate priced elements for a wide range of typical materials, and designers can be advised of likely outturn costs of a project throughout the design process.

5.1 RIBA Stages

The users currently engage with a contractor at a wide range of work stages ranging from Stage B to Stage F. The framework is not intended to reduce significantly the users' flexibility in this regard, and the users will be able to present the mini-tender at any time appropriate to the method of procurement (RIBA Stage C to F).

5.2 Early Contractor Involvement (ECI)

Early contractor involvement often results in a more complete approach to design, with the experience of both the designer and the construction contractor taken into account early in the design process. This often results in lower project costs, and safer working practices.

This process may involve open workshops, where all eligible contractors for the relevant tier will be invited to meet with the user to discuss the merits of certain construction and design options.

5.3 Mini-tender – Pricing

The primary objective of the mini-tender is to select from the eligible contractors on the relevant tier, a contractor to whom the contract for a specific scheme will be awarded. This process will be undertaken using a mixture of criteria including cost and quality assessments, and the ratio of cost / quality will be decided upon at project mini tender stage by the user.

Users will also have freedom to tailor the mini-tender process to include customised processes as necessary, but such criteria will be included in the ITT and subsequent mini competition process as interviews, reviews of exemplar projects, references, additional KPIs etc. This will be done within the scope set out in the framework agreement and will be disclosed in advance to the eligible contractors taking part in the mini-tender.



5.4 Novation

It is envisaged that in most cases the initial design and project brief will be set out by the user (or the user's consultant) during the pre-tender phase to RIBA Stage B or C. In some cases, where a D&B type approach is desired, the design responsibility may transfer to the contractor at a later point which suits the procurement method, the project programme, and the user's requirements.

Some users may opt to transfer the initial user-appointed design team to the contractor for the remainder of the project. The framework will facilitate novation of the user's design team where this is deemed beneficial by the user.

5.5 D&B Mini-Tender

It is envisaged that D&B procurement will involve early stage design duties being undertaken by the framework user to set-out the scope and design brief for the project. The project brief will then be presented to the framework contractors in the appropriate tier by means of a mini-tender.

Competition will be on the basis of a mixture of cost and quality criteria as required by the user. Selection will take place in line with the user's requirements, and could involve interview, to accord with criteria set by the user organisation and in line with the framework approach review of previous examples, references etc. This will be done within the scope set out in the framework agreement and will be disclosed in advance to the eligible contractors taking part in the mini-tender.

Post mini-tender, the remaining design will then be completed by the selected contractor either utilising the users novated design team, or through the contractors preferred design team. These options will be at the user's discretion, and the details will be provided in the mini-competitions.

Where a D&B approach is considered appropriate by the user, it may be considered beneficial to engage the selected contractor as early as possible in the design process to enable the contractors design team to have sufficient influence over the design process. The framework will allow the contractor to be appointed at RIBA stages C-E as required by the user.



5.6 Full Design Mini-Tender

It is envisaged that full duties procurement will involve the majority of the design duties being undertaken by the framework user either by the user's in house team, or a preferred design consultant. The project design will be presented to the framework contractors in the appropriate tier by means of a mini-tender.

Competition will be on the basis of a mixture of cost and quality criteria as required by the user. Selection will take place in line with the user's requirements, and could involve interview, review of previous examples, references etc. This will be done within the scope set out in the framework agreement and will be disclosed in advance to the eligible contractors taking part in the mini-tender.

Where a Full Design approach is considered appropriate by the user, it is less important to engage the selected contractor as early in the design process as the design role will not transfer to the contractor. The framework will allow the contractor to be appointed between RIBA stages C-F, however it is anticipated that the majority of users will typically issue a mini-tender at Stage E or F.



6.0 Contract Forms

The format of NEC contract form and core clauses will be at the discretion of the user. Three options are presented and their selection will be based on balance of several factors including, project value, procurement route, user preferences, and contractor experience.

Sample contracts will be issued within the ITT and these will be based on the forms scheduled out below.

6.1 NEC Short Form

The NEC short form is a simple contract suited to lower value projects, where a lower volume of contract administration is desired. This form will suit straightforward projects, and contractors not well versed with NEC administration.

6.2 NEC Option A

NEC Option A is a priced contract where parties agreed fixed costs for work package items. Along with Option C this form is more suited to medium to high value projects where contractors are experienced in NEC contracts and the partnering approach.

6.3 NEC Option C

NEC Option C is a target cost contract where the contractor is encouraged to find efficiency in procuring sub-contract packages. Cost efficiencies are shared with the user in return for joint management of project risk.



7.0 KPI Strategy

The framework comprises a key part of the 21st Century Schools programme to improve facilities and the methods of construction procurement. Key Performance Indicators will be included within the framework to encourage the contractors and the users to pursue best practice in key areas.

It is envisaged that two groups of KPIs will be available. Commission KPIs will be used on all projects, and Project KPIs are bespoke to the individual project.

7.1 Commission KPIs

The framework will include a range of Commission KPIs which are consistent across the framework. These will capture behaviours and practices which are fundamental to the framework in a common format which can be catalogued and compared across several projects throughout the framework.

It is envisaged that these will be based on an established KPI system such as Constructing Excellence or Motivating Success. These typically include both hard and soft KPIs

7.2 Project KPIs

In addition to the Commission KPIs users can opt to utilise additional KPIs to suit specific attributes of the project. It is envisaged that these will be developed by the user as part of the mini-tender process for each specific project.

7.3 Monitoring and Reporting of KPI's

It is envisaged that a key part of the framework will be the monitoring and reporting of the status of the various KPIs. The framework management role will include compilation and monitoring of KPI data from both the users and the contractors. The KPI data will be available to users, the Welsh Local Government Association, and to the Welsh Assembly Government for the purpose of monitoring the success of the framework.

It is envisaged that KPI reporting would be undertaken monthly.



7.4 Target Cost Contract

Where users choose to pursue NEC Option C target cost contracts, the output from the contractor's KPIs may be used to provide an additional contract gateway prior to the release of any resultant gain share to the contractor. In this mechanism contractor performance would need to be above a target level for the gain share to be released.

Where users require an even greater degree of encouragement for the contractor and design team to work collaboratively, the combined team KPIs can be used to form an additional gateway which allows the release of a pooled gain share to the entire design team.



8.0 Framework Management

Appropriate framework management will ensure the framework is applied correctly, is monitored sufficiently, and maintains best practice across a range of key areas.

To ensure the long-term sustainability of the framework, the framework manager will perform key functions, such as;

- Training the users in readiness for their first use of the framework.
- Providing a focal point for queries and coordination.
- Receiving and collating KPI data from users, contractors, and others.
- Visiting / reviewing completed projects and obtain end-user feedback.
- Providing annual reporting on the status of the framework.

It is envisaged that the framework management will be provided under the direction of Rhondda Cynon Taf as framework host.



Appendix 1: Examples of Palette Structure

- Roofing
- External Walls
- Internal Walls

**SEWSCAP CONTRACTORS FRAMEWORK
CONTRACTORS CONSULTATION REPORT**

On Behalf of:



Llywodraeth Cynulliad Cymru
Welsh Assembly Government



WLGA • CLILC



STRONG HERITAGE | STRONG FUTURE
RHONDDA CYNON TAF
TREFADATH GADAMN | ENYODDOR ICH

Appendix 2: Contractor Questionnaire

**SEWSCAP CONTRACTORS FRAMEWORK
CONTRACTORS CONSULTATION REPORT**

On Behalf of:



Llywodraeth Cynulliad Cymru
Welsh Assembly Government



The following questionnaire will be used to gauge opinions to assist in the forming of the SEWSCAP framework. We can only accept one response per company, completed on behalf of the company.

Company:.....

Representative:.....

Signed:.....

Phone Number: **Email:**

General comments, feedback and suggestions:

.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....
.....



Llywodraeth Cynulliad Cymru
Welsh Assembly Government



Please can you indicate which tiers you would be likely to tender in:
(Please circle)

£1.5 - £5m £5 – 10m £10 - £25m £25 – £100m

How many framework contractors do you think would be appropriate in each tier?

(Please circle only in the tiers you have selected above)

£1.5 - £5m	4	5	6	7	8	9	10	11	12
£5 – 10m	3	4	5	6	7	8	9	10	
£10 - £25m	2	3	4	5	6	7	8	9	
£25 - £100m	1	2	3	4	5	6	7	8	

In the mini tender competition what is the maximum number of tenderers that you would be happy to tender against?

(Please circle only in the tiers you have selected above)

£1.5 - £5m	1	2	3	4	5	6
£5 – 10m	1	2	3	4	5	6
£10 - £25m	1	2	3	4	5	6
£25 - £100m	1	2	3	4	5	6

How long do you think would be a reasonable duration for preparing a tender of this magnitude?

2 weeks 4 weeks 6 weeks 8 weeks 10 weeks 12 weeks

What is your preferred method of submitting tenders?

E-Portal Paper CD only



Llywodraeth Cynulliad Cymru
Welsh Assembly Government



Please indicate how you think selection should take place when choosing which contractors to invite tenders from, at the mini tender stage?

(Please circle)

Cost

Cost/Competency

Random

Rotational

As part of the Invitation to tender we will be asking contractors to price a schedule of items, measured in accordance with SMM7, the items will be a GMP which each tenderer may choose to improve on at the mini tender stage, there are however items that we recognise cannot be priced without drawings and specification, for instance the frame, have you any comments or suggestions on how to deal with these items?

.....
.....
.....
.....

As part of the framework the users wish to incorporate volumetric construction and off site construction technologies, at this stage we are looking at tendering a separate lot for volumetric buildings, in this lot we are looking at providing a performance specification and allowing the tenderers to provide costs, based on their own design, do you see this as a robust way to tender the volumetric construction lot?

.....
.....
.....
.....

Would your company apply to tender in the volumetric build lot?

Yes / No / Maybe