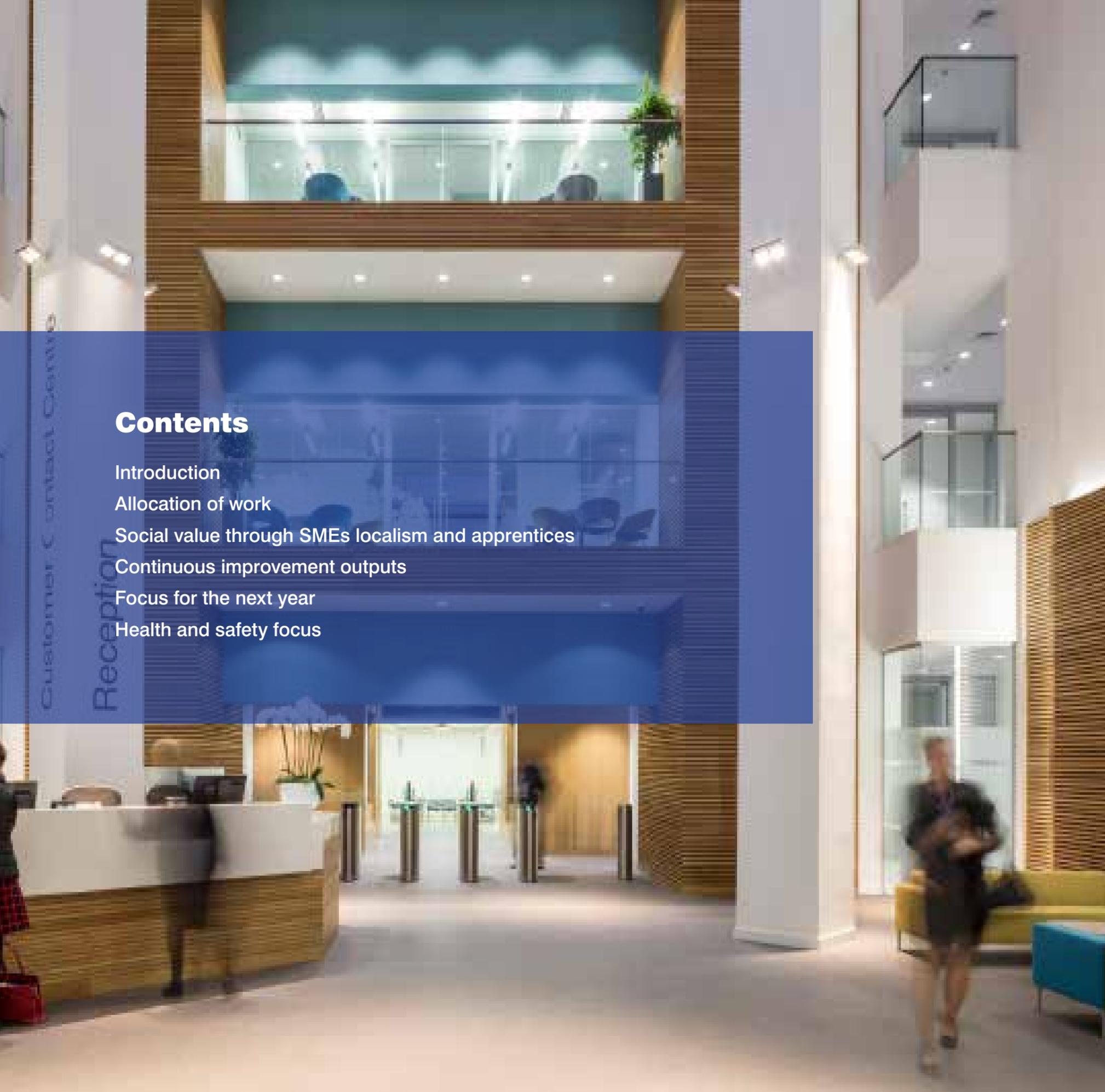


The first Annual Southern Construction Framework Report 2016





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Introduction

The Southern Construction Framework (SCF) completed their first year of the four year framework at the end of April 2016, and this report reflects their achievements to date.

The business case for the framework is based on a throughput of up to £975m / annum, and has procured a total of £857m in this first year for 27 public authorities across 48 projects, ensuring the success of the arrangement.

Framework users include Central and Local Government, Further and Higher Education establishments, Third Sector, and Emergency Services, who have engaged with the framework for a hugely diverse range of projects showing the flexibility of the arrangement, and the ability of the contractors to engage with any type of public sector building project.

In the first year of the framework, all of the work awarded is in various stages of pre-construction with 70% of contractors, although Willmott Dixon will be the first contractor to take a project to site, quickly followed by a further seven projects in the summer of 2016 which will release initial framework performance data.

The framework utilises the Two Stage Open Book process to generate efficiency savings through early integration of the whole team, including the contractor. As projects complete pre-construction, we will report on these efficiency savings. However, using the framework avoids costly procurement and has already saved participating authorities £3,500,000.

These annual reports will continue to monitor the framework against its stated objectives which include excellent Health and Safety, realisation of efficiency savings, highly predictable cost and time, excellent customer satisfaction, elimination of disputes, added social value with an emphasis on localism, sustainability, and to drive forward the ethos of collaborative working to becoming business as usual. The close working between the contractors and the Framework Management Team maintains a focus on these objectives, and we continue to strive for improved performance year on year.

The Framework was also shortlisted for the Constructing Excellence apprenticeship initiative, which aims to showcase organisations committed to creating a flourishing climate for high-quality apprenticeship programmes in the built environment sector.

Allocation of work

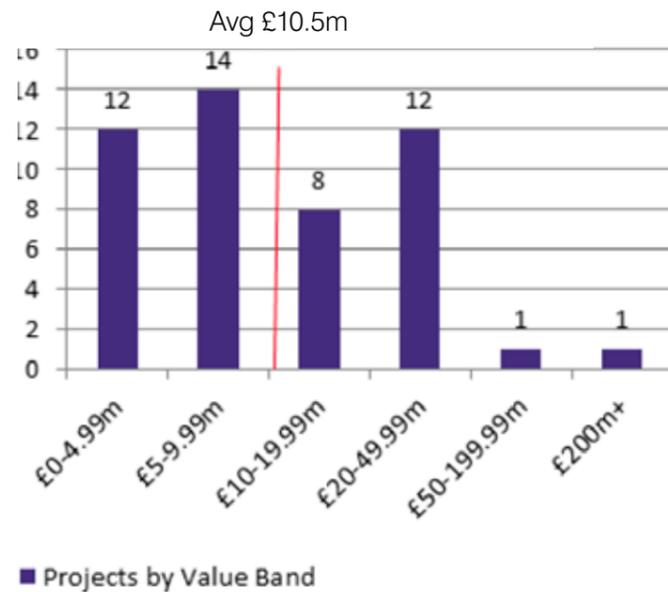
Projects by lot

Lot	Value	Projects
1 - London	£360m	20
2 - South East	£103m	10
3 - South West	£374m	18

Projects by value band

There is a good distribution of value on projects that are being procured via the framework starting at approximately £3m in the South West and in excess of £100m. The average project value is £10.5m.

All proceeding projects by value band

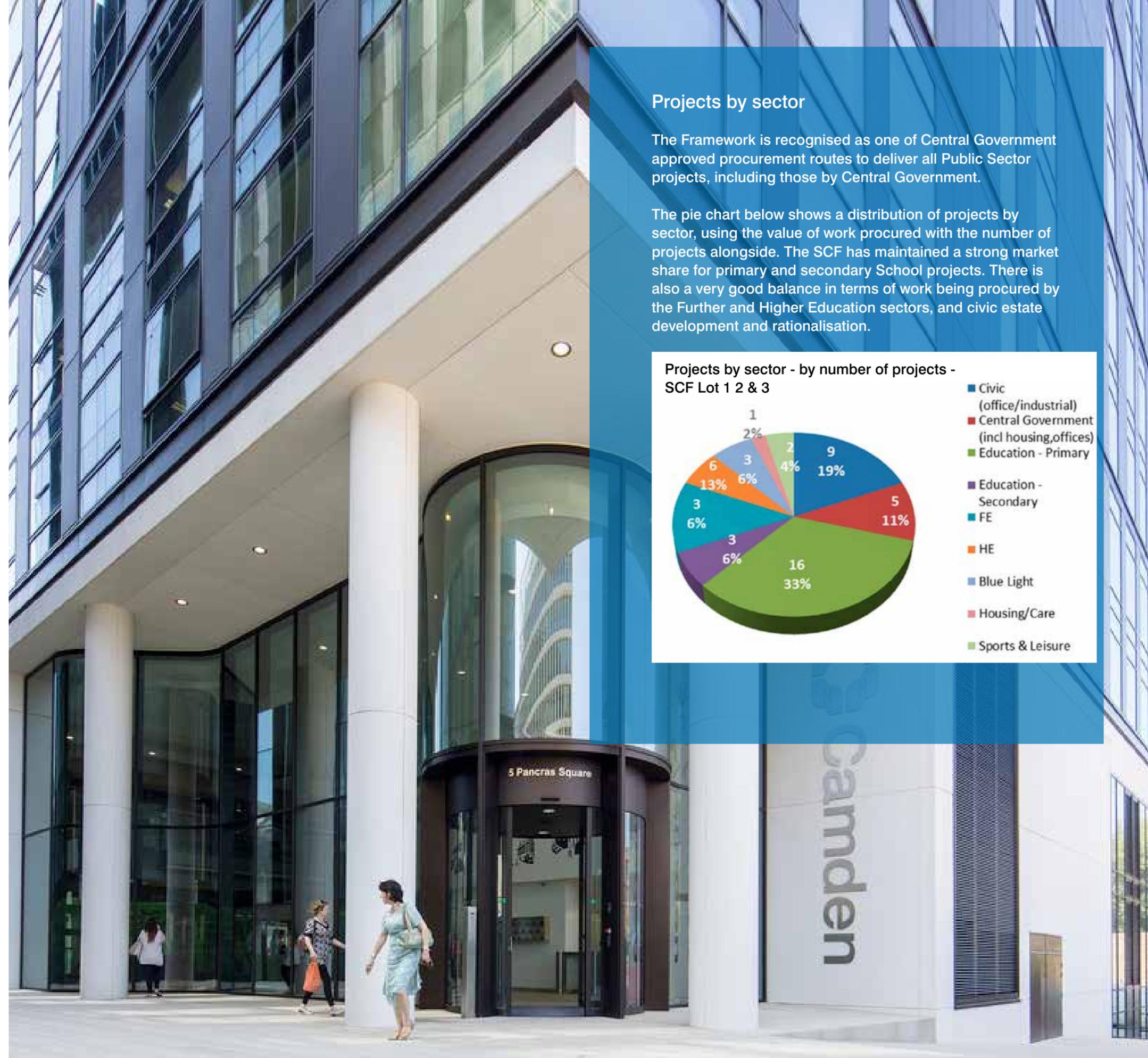
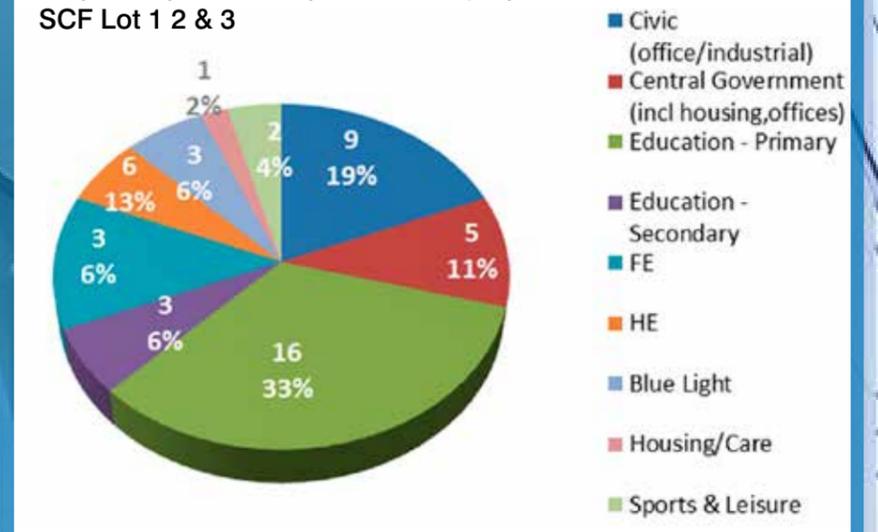


Projects by sector

The Framework is recognised as one of Central Government approved procurement routes to deliver all Public Sector projects, including those by Central Government.

The pie chart below shows a distribution of projects by sector, using the value of work procured with the number of projects alongside. The SCF has maintained a strong market share for primary and secondary School projects. There is also a very good balance in terms of work being procured by the Further and Higher Education sectors, and civic estate development and rationalisation.

Projects by sector - by number of projects - SCF Lot 1 2 & 3



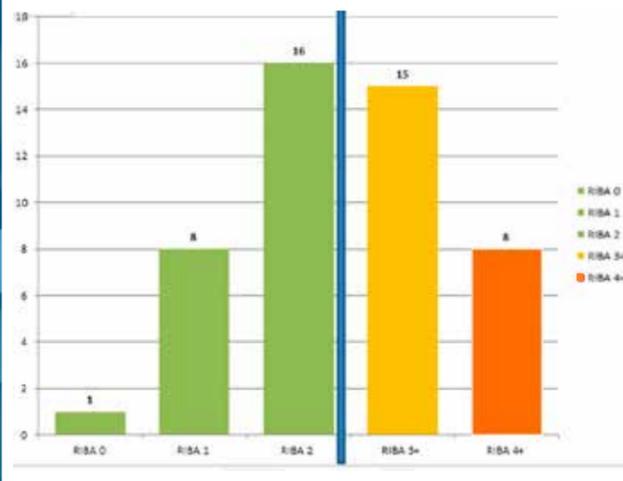
Contractor early engagement

The previous generation of frameworks saw the benefit of early contractor engagement as it enables the team to de-risk the project, agree how risks are apportioned, research value management, such as design opportunities and optimise cost savings to deliver predictable project outcomes.

Client engagement has been excellent so far with more than 56% of projects benefitting from early contractor input from RIBA Stages 1 and 2. There is a promising trend as nearly 20% of projects have engaged earlier. The demands on the sub contract market continue to be challenging, it is therefore important to engage with contractors at an early stage in order to fully understand the market conditions and explore the opportunities to inform design solutions in a collaborative two stage open book process.

Early procurement also delivers an added benefit of maintaining the attractiveness of projects within a rising market. We have seen far greater competition by contractors the earlier a project is procured. The earlier engagement mitigates the risks of setting unrealistic programme dates and generating inappropriate behaviours.

RIBA stage 1 entry to framework



Social Value through SMEs, Localism and Apprentices

Meet the Buyer

The Framework continues to encourage a fair deal for small to medium employees (SMEs) that will benefit the locality. The focus this year has been to encourage wider engagement with local supply chains. This initiative originated by ISG with the first of four Meet The Buyer events to date across the SCF region resulting in engagement of over 400 sub-contractors. Future events are being planned.

Training and Apprenticeships

The SCF Employment and Skills Strategy has seen 62 new general and trade apprentices appointed across the SCF region. It is anticipated that a further 40+ will be appointed by all of the SCF Contractors by September 2016 via the CITB Shared Apprenticeship Scheme (SAS) operating in the region.

“This apprenticeship is helping me learn new skills. Each day I am learning more and enjoying my apprenticeship due to a great team that I work with.”

David Steptoe BAM Apprentice

The Framework’s employment and skills strategy was a finalist in the SECBE Constructing Excellence Awards 2016.

“The SCF has been innovative and is the first procurement framework to successfully embed employment and skills requirements collaboratively with multiple clients and contractors.”

Andy Tickner - HCC Service Manager and Client Representative, National Construction Skills Academy Group (NCSAG)

The SCF has placed CITB Employment and Skills Plan (ESP) at the heart of their strategy.

The focus for the future will be to raise the profile of the industry by proactively engaging with schools through initiatives like Go Construct, Young Ambassadors and the Education Opportunities Toolkit.



Continuous Improvement Outputs

Pre-Construction

A pre-construction working group, led by David Chambers from Mace, includes representatives from Galliford Try, Bouygues and ISG. The group has considered how to strengthen the integrated team approach to two stage open book, and has proposed ways to make key parts of pre-construction more collaborative for the whole team.

Financial Control

New measures are now being piloted by the SCF following outputs from the group of contractors led by Simon James from Midas. This includes contractors carrying out "scope cost validation" at appointment together with the client team to focus on initial affordability checks to reach a mutually agreed the cost plan.

The Cost Time Benefit form has been updated to better reflect the risk management process and status to assist with proactive cost management.

Contractors will produce a monthly executive summary to highlight the project status and share these outputs with both clients and the Framework Management Team. This is intended to provide a proactive project tracking document to identify any issues and enable these to be resolved as swiftly as possible.

Handover and Aftercare

A new 'standard' for handover and aftercare resolution has been set by SCF, Peter Everitt of Kier, which has been signed by all eleven SCF Framework contractors.

Every Framework contractor has agreed a minimum standard for the resolution of defects. This sets defined timescales for dealing with defects arranged into four categories based on different complexity and impact.

This will give clients real certainty in respect of timescales for defects to be resolved and provide a clear target for every project let through the Framework. Jon Williams (SCF SW Regional Manager) who helped to facilitate this workstream, which was led by Peter Everitt of Kier says that 'the lasting impression of a project can be significantly influenced by how well issues are dealt with. These targets set clear expectations for clients and reinforce the need for SCF contractors to deal with defects within properly established timescales.

Focus for the next year

Following our Annual Breakfast conferences we will concentrate on the following three areas in response to positive client feedback:

1. How can we better facilitate the effective integration of the whole team, helping all parties including client, consultant and contractor to understand and respect each others roles?
2. How can we help to improve the image of the construction industry to reach out to a broad base of potential career entrants?
3. Can we assist in working with the supply chain to establish some specialist standard products or specifications across Intellectual Property to benefit particular programmes of work.

Health and safety focus

SCF continues to have a strong focus on health and safety.

The SCF health and safety forum meets regularly to ensure that implications of CDM 2015 Regulations are understood, and to discuss pertinent issues such as asbestos awareness.

The SCF are planning a health and safety exhibition for contractors and sub-contractors this autumn where the theme will include health and wellbeing.



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Lot 3



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