

Statement of Compliance

**With the Government
Construction Playbook**

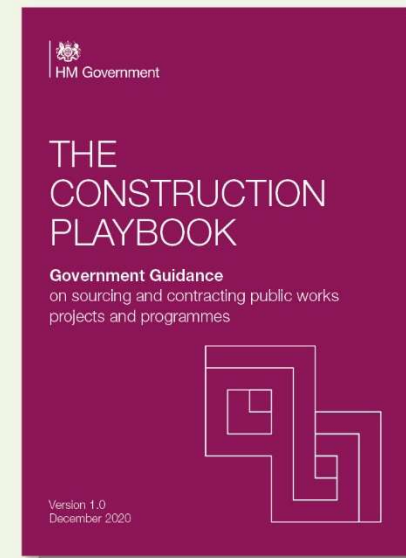


North West Construction Hub (NWCH) is much more than a public sector construction delivery vehicle. It is a place where like-minded organisations come together to do business collaboratively. Lowest price tendering is replaced with long-term relationships between clients, professionals and contractors, formed around shared objectives and common values. The result is less waste, less duplication, local engagement and greater efficiencies, all generating better value for money.

NWCH was established in 2009, in response to Central Government's drive to improve efficiencies within the public sector. It is led by a Board comprising of representatives from public sector organisations across the North West.

As a partner and active supporter of the National Association of Construction Frameworks (NACF), NWCH works together with the Local Government Association to shape and promote best practice in using 2-stage collaborative Frameworks, and to help shape the future of the national procurement strategy.

The recent publication of the Construction Playbook focuses greatly on ensuring projects and programmes are right from the start which NWCH has always complied with since the first iteration of the framework back in 2009. To ensure that NWCH and our Contractor Partners continue to deliver better, faster, and greener construction projects, this document will highlight how aligned NWCH are to the 14 key priorities in the Construction Playbook.



1 Commercial pipelines

Contracting authorities' commercial pipelines will be supported with a new central government procurement pipeline for public works projects.

Pipelines will help suppliers to better understand the government's long-term demand and prepare themselves to respond to contract opportunities.



NWCH response

NWCH meets regularly with all Contractor Partners to discuss pipeline opportunities in confidence.

Contractor Business Development drop-in sessions are held fortnightly with a more formal Business Development Meeting held every two months. Information is made available to all contractor partners on both confirmed schemes and targeted future pipelines who are trusted to maintain confidentiality of the information.



2 Market health and capability assessments

Projects and programmes will conduct an assessment of the health and capability of the market early on during the preparation and planning stage.

This will enable project and programme teams to identify potential opportunities and limitations in the market, take advantage of emerging technologies and innovation, and consider what actions would increase competition and improve market health.



NWCH response

NWCH Professional Services Framework offer provides the opportunity to both influence and highlight market health, identifying common risks and shortages. Through our special Interest Groups both Contractor Partners and Consultants are aligned to discuss and develop the latest technological opportunities. Consultant Partners provides access to the latest market intelligence at a regional level. From a national perspective NWCH as an active member of the National Association of Construction Frameworks provides key market intelligence support to the Group.

The NWCH templated mini-Competition process provides Clients with the tools required to appoint the best and most suitable Contractor or Consultant at the earliest possible opportunity, promoting a one team approach to project delivery. By its very nature, this process identifies both capacity and capability issues at a point in time.

3 Portfolios and longer term contracting

We will develop long-term plans for key asset types and programmes to drive greater value through public spending. Longer term contracting across portfolios, where appropriate, will give industry the certainty required to invest in new technologies to deliver improved productivity and efficiency savings.

Contracting authorities should demonstrate that this does not come at the expense of an innovative and competitive market.



NWCH compliance

One strength of the NWCH is the repeat business received from many Key Clients across the North West. NWCH actively encourages Public Sector Clients to consider the benefits of linking individual projects into programmes of work. This is evidenced by the recent successful delivery of a programme of works to EBN Primary Schools in Greater Manchester. Programme and cost efficiencies were maximised through off site manufacture and greater productivity savings through a collaborative supply chain approach.

Further evidence of the benefits of this approach can be seen in the delivery of major decarbonisation programmes of work across the Greater Manchester Authorities which bring together works of a similar nature across a wide portfolio of buildings.

NWCH together with their Contractor and Consultant Partners work collaboratively through Special Interest Groups (SIG's) to recognise current Client and Industry issues to drive improvements in areas such as sustainability, social value, digital and innovation and commercial and procurement.

4 Harmonise, digitise and rationalise demand

Demand across individual projects and programmes will be harmonised, digitised and rationalised by contracting authorities. This will accelerate the development and use of platform approaches, standard products and components.

Combined with longer term contracts, this will transform the market's ability to plan, invest and deliver digital and offsite manufacturing technologies.



NWCH compliance

NWCH encourages the use of BIM as standard practice for NWCH Contractors and Consultants. The Professional Services Framework strives to influence major project development to ensure a data approach is built into the whole life of a project.

Through the NACF, NWCH supports the Construction Innovation Hub in the development and introduction of new initiatives. This is evidenced by the recent collaborative development of the NACF BIM Initiative for asset information, developed by local authority FM officers led by a BIM Specialist seconded from a Contractor Partner.

5 Further embed digital technologies

Contracting authorities should use the UK BIM Framework to standardise the approach to generating and classifying data, data security and data exchange, and to support the adoption of the Information Management Framework and the creation of the National Digital Twin.

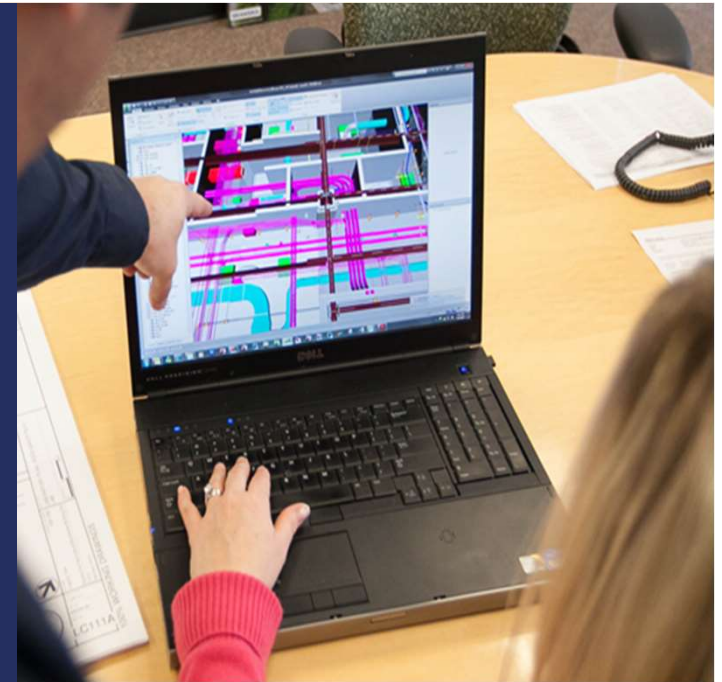


NWCH compliance

As a public sector led procurement vehicle, we are responsible for supporting the adoption of digital tools within the construction industry. The government envisions an industry that is efficient and technologically advanced by 2025; technology provides improved outcomes and efficiencies for our Clients whilst demonstrating these benefits to the private sector.

NACF and NWCH have developed BIM requirements and initiatives. NACF has been involved in the CDBB roadmap for BIM in local government recently published on the CIH website.

NWCH actively promotes use of BIM in local government and soft landings.



6 Early supply chain involvement

Early supply chain involvement should now be used in developing the business case for projects and programmes.

Involving the supply chain early in the project lifecycle will reduce downstream issues and help to develop clear, outcome-focused designs and specifications.



NWCH compliance

Key Performance Indicators - Working together to promote Framework commitments of localism, delivering true value and cost certainty, our supply chain is monitored through KPIs, ensuring they meet the stringent targets set by the NWCH and provide best value to our Clients.

Supply Chain Satisfaction – 89.1%

Market Intelligence - Data gathered is fed into Framework Contractor Partners to ensure current market conditions are accounted for within their projects. Keeping abreast of factors like availability of materials, current labour levels and forthcoming price increases reduces the risk of any programme slippage or unnecessary costs.

Small to Medium Enterprises - By prioritising local SMEs we have established a team of Contractors who are aligned to our vision and values, working in a collaborative manner and provide excellent service and commitment.

7 Outcome-based approach

Contracting authorities should focus on outcomes, rather than scope, in their specifications. A new Project Scorecard is being developed to support projects and programmes in setting clear outcomes that align with government's strategic priorities.

In line with the government's transparency agenda, the three most relevant key performance indicators (KPIs) from each of the government's most important contracts will be made publically available.



NWCH compliance

NWCH has incorporated a comprehensive suite of KPI's within each of its three Framework iterations. Our KPI Manager ensures that across all project's performance is measured and evidence gathered to ensure compliance and success against stated objectives and outcomes specified within the Framework Agreement.

NWCH is one of several NACF frameworks that has worked with the Construction Innovation Hub in the development and trialling the use of the Value Toolkit, proactively encouraging representatives from across the North West to attend workshops during the development stage of the Toolkit. The NWCH is working with key clients to use the Toolkit to support them to understand how they can drive best value and sustainable design through their individual pipelines.



8 Outcome-based approach

Projects and programmes should undertake benchmarking to analyse information from past projects and programmes. This provides decision makers with key insights and data to make more informed and intelligent investment decisions.

Project and programmes should produce a Should Cost Model to better understand whole life costs and value.



NWCH compliance

NWCH has an extensive database of cost information derived from the gathering of cost data in a standard format throughout the life of a project. NWCH provides the NACF with cost data from the North West to inform the EBD OG cost benchmarking survey.

This cost data is utilised to provide Clients with historical cost information where required to enable accurate evidenced based data to inform benchmarking exercises.

9 Delivery model assessments

Contracting authorities should follow an evidence-based process to decide the most appropriate delivery model and structure for a specific project or programme. The right delivery model enables clients and industry to work together to deliver the best possible outcomes.



NWCH compliance

Central government is looking at a much wider audience but the Hub promote the use of 2 stage tendering which is, probably, the correct route for the majority of projects.

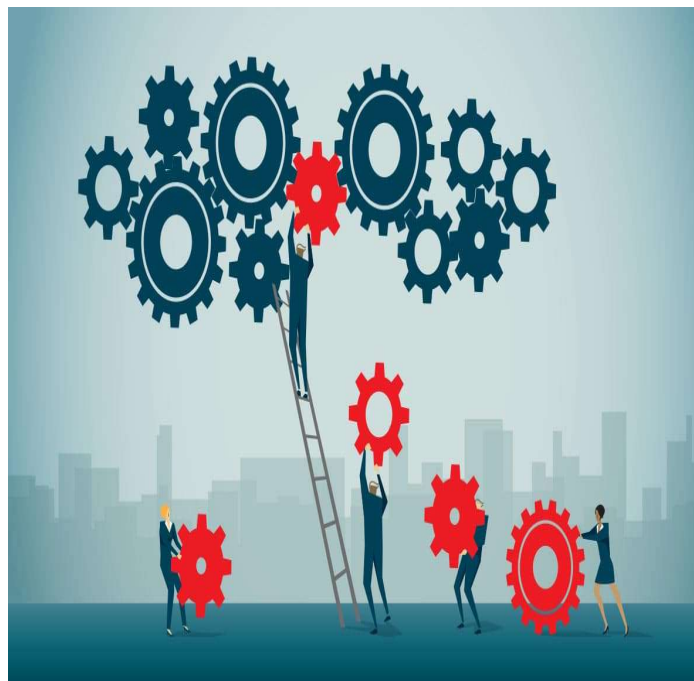
Our market intelligence allows us to discuss particular market issues with clients for individual projects or larger programmes of work



10 Effective contracting

We will ensure that contracts are structured to support an exchange of data, drive collaboration, improve value and manage risk. They will set clear expectations for continuous improvement and be consistent with the principles in this Playbook.

We will complete a review of the current landscape of frameworks over the coming months with a view to consolidating these where appropriate and adopt a new 'gold standard.' This will enable contracting authorities to easily identify frameworks that meet best practices and embody the policies set out in this Playbook. There will be a number of framework options to ensure competition and flexibility across government.



NWCH compliance

Through the NACF, NWCH have worked together with the LGA to produce a document titled Effective Frameworks, following the NACF leadership of the work in this area for the Construction Strategy in 2012. The NWCH through the NACF is part of the current government framework review focussing on identifying best practices and embodying the policies set out in the Construction Playbook.

11 Risk allocation

Proposals for risk allocation will be subject to consideration and scrutiny to ensure they have been informed by genuine and meaningful market engagement.

Inappropriate risk allocation has been a perennial concern for suppliers looking to do business with government and a more considered approach will make us a more attractive client, deliver better value for money and incentivise suppliers to focus on delivering agreed contractual outcomes.



NWCH compliance

NWCH promotes and advocates the two-stage open book approach for the delivery of Public Sector funded projects. The open book approach is based on appropriate risk allocation.

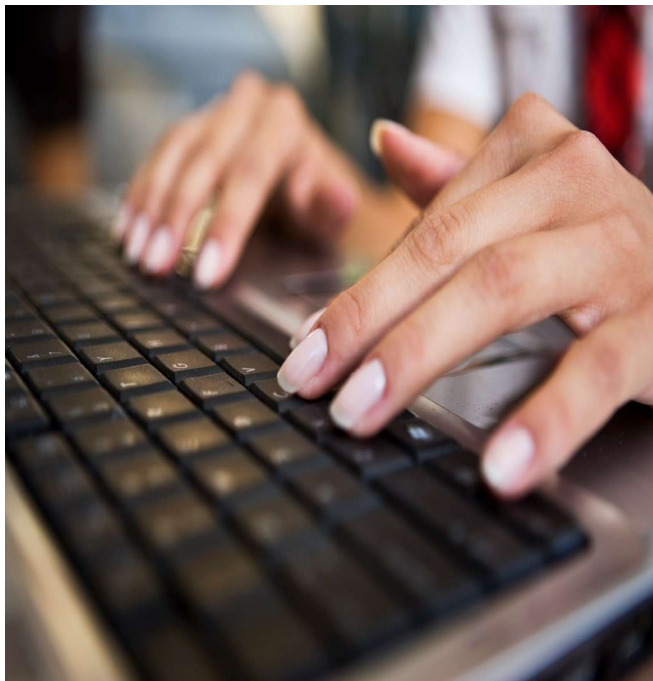
Through the Professional Services Framework the Consultants commit to training 50 people per year on the two-stage open book approach. The collaborative approach to the delivery of schemes creates an open and transparent environment in which Contractors and Consultants openly discuss project risk and mitigation strategies.



12 Payment mechanism and pricing approach

The payment mechanism and pricing approach goes hand in hand with risk allocation and will similarly be subject to greater consideration and scrutiny to ensure it incentivises the desired behaviours or outcomes.

This change is fundamental to making the construction sector a thriving and dynamic market that is sustainable in the long term and achieves the wider vision of this Playbook.



NWCH compliance

The underlying NWCH procurement process is based on a two-stage open book approach. Projects are de-risked during the pre-construction phase of the process. Through an emphasis on Contractor Partners tendering a sustainable overheads and profit percentage to achieve appointment to the framework, Contractors are assured that their margins will not be eroded through unforeseen issues during the construction phase.

As part of Performance Management protocols, NWCH audit fair payment to ensure all supply chain members are treated fairly.

Pre-construction activities are carried out under a pre-construction services agreement. This ensures that both the Client and Contractor Partner have a clear understanding of what is required to be delivered during pre-construction period together with an agreed fee structure for the services.

13 Assessing the economic and financial standing of suppliers

As part of the selection process, public works projects will comply with a minimum standard when assessing the risk of a supplier going out of business during the life of a contract.

Consistently applying a minimum standard of testing will provide a better understanding of financial risk and leave us better able to safeguard the delivery of public works projects.



NWCH compliance

As part of the economic and financial standing selection criteria, at the ITT stage, a copy of audited accounts from the last two years is requested. A specified minimum level of economic and financial standing and/or a minimum threshold with the evaluation criteria for the procurement will be appraised.

NWCH also ensure that monthly financial health checks are completed on all of our construction framework partners.



14 Resolution planning

There will now be a requirement for suppliers of critical public works contracts to provide resolution planning information.

Although major insolvencies are infrequent, this change will help to ensure government is prepared for any risk to the continuity of critical public works projects posed by the insolvency of critical suppliers.



NWCH compliance

NWCH is based on collaboration with Contractors and their supply chain supported by detailed market intelligence. Given the underlying ethos of openness, transparency and collaboration, any significant issues that may affect the delivery of a project either on time or on budget are openly discussed at our different forums. There are a range of forums from project level to Managing Director level to ensure an early warning mechanism is in place.



Contact Us

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