

## Construction Frameworks Conference

## Conference Report

Wednesday, 2nd October 2019

Kensington Town Hall, London





**Built Environment Networking** 

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#### **Foreword**



Keith Griffiths, Managing Director, Built Environment Networking

There are over 17,000 construction related frameworks in the UK and here at Built Environment Networking we hold an annual event to help the supply chain and clients navigate the minefield of winning work, social value and SME engagement with our Construction Frameworks Conference.

This is the third time we have run this event and our audience heard from framework providers with forthcoming renewals as well as major public sector organisations who gave tips on their approach to procurement and what they look for from the built environment when selecting partners.

With over 300 delegates at Kensington Town Hall, this event was one of our most interactive conferences of the year with over 300 technical questions asked via Sli.do and a lot of conference floor interaction between our speakers and delegates during the networking breaks. One of the highlights of the agenda was the public sector best practice discussion chaired by our

National Framework Partner Pagabo who were able to tease out exclusive nuggets of information from organisations that were in the process of tendering multimillion pound worth of work.

Brexit was a hot topic throughout the day with several delegates and speakers voicing their concerns as to how this will alter legalities and competition practices across the sector.

We are always looking to evolve our content and plans are already to slightly change the emphasis of this conference in 2020 to the Construction Procurement Conference- we are actively consulting with the National Association of Construction Frameworks and other procurement specialists to move the conversation on. If you'd like to get involved in the event- either as a speaker or a conference partner- please do not hesitate to get in touch!

#### Until next time, Keith

keith.griffiths@built-environment-networking.com





#### The Future of Frameworks

#### **Panel Members:**



Chair: Phil Laycock

Director. Built Environment

Networking

@BENetworking



Marie-Claude Hemming

Director of External Affairs, Civil Engineering Contractor Association





Keith Heard

Chair, National Association Construction Frameworks

**■** @SCFconstruct

## AVOIDING THE RACE TO THE BOTTOM WITHIN THE CONSTRUCTION SECTOR

The introductory panel at the recent Frameworks conference discussed the challenges and successes over the past year within the industry.

Keith Heard, Chair of the National Association of Construction Frameworks warned delegates that "Contractors are flirting with financial disaster," he further commented that this had "led to a lot of commentators to suggest the current contracting model is completely broken". The industry has increasingly had to question the model following the collapse of Carillion in 2018, a major construction services provider.

John Welch, Deputy Director at the Government Commercial Organisation argued that the industry had improved in the last year, with the lack of a clear pipeline of profitable work being cited a factor in the collapse, he said: "They have got better at publishing pipelines, even from the second tier down"

The increased focus on social value has been praised as an improvement with the industry with Marie-Claude Hemming "In terms of social value that's something that's very important, it's important that every project should benefit the community and environment in which it is built" Heard expressed the importance of developments to "provide a legacy."



Welch suggested that the "mindset of customers must change" and that always seeking the cheapest enabled this race to the bottom, he said:

# CLIENTS WANT BOTH [SOCIAL VALUE AND CHEAPEST PRICE] BUT WE'VE GOT TO CHANGE THAT MENTALITY, BECAUSE YOU HAVE TO PAY A FAIR PRICE FOR A FAIR PRODUCT AND NOT A CHEAP PRICE FOR A POOR PRODUCT

He also questioned the entire notion of cheapest price being an accurate representation of the true cost, saying "It's gonna cost us twice as much to fix and last for half of the time"

The notion that clients were purely motivated by lowest price when seeking frameworks was criticised by Steve Tyree, Managing Director of Eastern Procurement, he said: "Certainly our data would show that price is not the deciding factor, it can be a factor but its very rarely the deciding factor." Tyree suggested as a solution that social value be included directly in the contracts for frameworks as then "the lowest price will then also be a fair price."

The need for greater trust in the industry was emphasised by all speakers, with Welch expressing optimism

IF WE BREAK THE BARRIERS
THAT EXIST TODAY BETWEEN
CLIENT AND CONTRACTOR WE
WILL GENERATE MORE TRUST



John Welch

Deputy Director, Government Commercial Organisation

**● @GCF\_Comms** 



**Steve Tyree** 

Managing Director, Eastern Procurement Consortium

¥ @E\_PL

Political instability particularly stemming from Brexit has created challenges for the industry, Tyree noted that "The concern of Brexit is starting to bite". Claude-Hemming stressed the need to invest in infrastructure regardless of the instability, she said: "there were some infrastructure announcements at the Conservative party conference which is great, but let's get stuff up, let's start building".

The skills shortage within construction is also an enduring issue Welch described it as having "Hit in a big way leading to a lot of people to start talking about off-site and modern methods of construction." Claude-Hemming discussed how this has intersected with concerns over Brexit "There is an uncertainty particularly around the issue of EU migration" but noted that there had "Always been an issue with skills and construction."

Connecting skills and social value was seen as a solution to this issue, with contracts including job opportunities, Claude-Hemming said "if you ask a contractor to provide a certain number of apprentices that's what they will do."

Awareness of climate change and carbon emission within the industry was seen to have been a change within the industry, with Heard crediting the work of activists, he said

#### A SWEDISH SCHOOL GIRL HAS CHANGED THE WORLD

referring to Greta Thurnberg.

However, he also described how the industry has been "flirting with carbon for the last 10-12 years", highlighting how whilst it has long been a concern of developers yet it is only recent pressure that is forcing the industry to make concrete changes.

Risk management within the industry was also an area in which change in the industry was seen to be in need of reform, with Claude-Hemming described how "The cost of project insurance is increasing simply because of the level of risk." Both clients and providers were highlighted for changes. Tyree described clients tendency "de-risk themselves", and how contractors will take projects that they then can't deliver.. Heard noted how the risk was

"pushed down the supply chain until you get to a selfemployed man, which is why you see so many mental health issues in the construction industry. "Heard was referring to research that showed the construction industry was the worst for male suicide rates, showing the urgency of tackling these challanges.

Construction frameworks do provide many opportunities to small businesses despite these challenges, with Heard mentioning the fact that "Local frameworks are designed specifically for SMEs" and that "70-80%" of the supply chain even on major projects is provided by SMEs. Market oversaturation of frameworks was generally seen problem however, with the aforementioned 17,000 frameworks, causing difficulties in differentiation.

The signature issues raised by the panel were all interconnected. Avoiding a race to the bottom means incorporating social value, it means that both clients and providers have to work together to create deliverable projects, rather than both being solely focused on cost-cutting.

Delivering lower risk projects will allow the two to improve trust. The focus on Social value will create jobs and educational opportunities, enabling the skills shortage to be tackled. And while costs in the industry may rise, this can best be facilitated by greater government investment, which the industry has been calling for. The cost of the race to the bottom, to businesses, to social value, to individuals, is far greater than the cost of creating value for all through construction projects.



#### **Framework Providers**

#### **Panel Members:**



Chair: Phil Laycock Director, Built Environment Networkina

@BENetworkina





Lisa Bliss

LCP Programme Manager. London Construction Programme

@haringeycouncil



Robbie Blackhurst

Framework Director, Procure Partnerships Framework

@ProcurePF

#### **MULTI £BN WORKS ANNOUNCED BY MAJOR FRAMEWORKS PROVIDERS**

Chief Executive of PAGABO, Simon Toplass a provider which has just revealed £10.5bn in frameworks has remarked on their incredible growth, Toplass said: "3 out of the last 4 years we've had triple digit growth in revenue terms." Pagabo are tendering their professional services and major works, which combined add up to £10.5bn.

Pagabo's USP revolves around their commitment to social value Toplass said

30% OF ALL THE REVENUE WE EARN BACK INTO SOCIAL VALUE. **BACK INTO GOOD CAUSES, BACK** IN THE PUBLIC SECTOR, THAT IS 30P IN EVERY SINGLE POUND WE EARN THAT'S £1.3 MILLION IN TOTAL.





Robbie Blackhurst, Framework director, Procure Partnerships Framework a company launching 13 new frameworks explained how they tried to build frameworks from a client side up: "Before we even set up a framework we spoke to clients."

Blackhurst remarked on Procure Partnerships success in the North noting how they were not only the biggest framework provider in the North-West region, but also were responsible for the majority of work. Emphasis was made by the Procure Partnerships director in ensuring "that frameworks have a regional focus", with the company dividing their frameworks into 10 lots.

Major players within the frameworks industry have increasingly embraced the digital era to improve their service. Toplass has described that "Technology is hugely important" to Pagabo. They revealed their My Pagabo app. which allows clients to track the progress of their developments. Blackhurst revealed Procure Partnerships'



Simon Toplass

Chief Executive Officer. PAGABO

development of their own app saying that "Technology is the way we can monitor these projects."

The My Pagabo app utilizes their Dynamic Purchasing System (DPS) a streamlined procurement system for public sector providers for works to £1m. The chief executive "Encourage very small businesses to play in the Pagabo ecosystem". Pagabo's DPS was designed to "Set a strategy aligned to the objectives of the local authority"

A DPS is also being utilised by London Construction Programme (LCP), a regional framework that is a virtual company of Haringey Council. Lisa Bliss, the Programme Manager at LCP spoke in favour of a DPS for local frameworks "Having a DPS in place means all the information is available in one local place".

Neither the LCP nor Pagabo currently use DPS for major works. Bliss explained:

**DPS WASN'T THE RIGHT ROUTE** FOR MAJOR WORKS, BUT IT WAS FOR THOSE MORE REACTIVE WORKS.



Speed increases enabled by DPS will be Bliss "Capability assessment has already been completed, therefore commissioners only have to look at the procurement of that particularly requirement of that particular piece of work at the time."

Bliss also addressed criticism of DPS, which has suggested the process may be less rigorous than a traditional framework

I'D QUESTION IF THERE'S NO REAL EVALUATION ON THE DPS. **ANY SUPPLY GETTING ONTO** THE DPS HAS TO PASS THE STANDARD SQ OR THE PAS-91 WHICH IS NO DIFFERENT FROM A TRADITIONAL FRAMEWORK.

In addition she also noted how it aided growth in Haringey "We were able to support our local economy and local business." Emphasis was by both Blackhurst and Toplass on growing a regional focus to their national frameworks.



### The Role of Social Value in Frameworks & Procurement

#### **Panel Members:**



**Chair: Gerard Toplass** Executive Chairman. PAGABO



Emma Hesbrook

Estates Procurement Manager, University of Wolverhampton





Steve Howell

Construction Frameworks Conference

Finance Director. Red Kite Learning Trust

#### **SOCIAL VALUE BEING INCORPORATED** IN HUGE DEVELOPMENTS

As a result of the Public Services (Social Value) Act 2012 there has been a radical shift in thinking around public sector procurement. Speaking at the Built Environment Networking's Building Frameworks Conference Gerard Toplass, Executive Chairman of Pagabo noted how the public sector is "Moving from acknowledgement of social value into accounting for it."

At Guy's and St Thomas' NHS trust social value is key to their organisational strategy, Adam Smith, Head of Capital Development discussed the trust's social value spending, he said "We have a huge charity, which has resources around the billion mark."

The trust is currently undergoing massive growth. Smith revealed that: "St Thomas' campus has 250,000sqm of expansion, on the royal street a huge amount of student accommodation and an outpatient facility is planned for there."

The trust is developing a giant new Biomedical cluster, which Smith described as being

#### 3 AND A HALF TIMES THE SHARD

in scale. The Trust are making major investment in the Evelina Children's hospital, enabled by the social value of commercial developments. They also are investing heavily in medical technology, having recently built the largest MRI machine in London.

The trust's incredible growth has been enabled by their membership of the Kings' Health Partners, a health science organisation formed in partnership with a number of other London trusts and Kings College, Together they teach over 30,000 students, attained over £200m in research grants and have combined turnover of £3.7bn.

Red Kite Learning Trust, an academy group is hoping to incorporate social value into their development of new schools. Steve Howell, the Trust's Finance Director outlined



their expansion plans, saying that they are: "Hoping to build two schools in the next 2 years and hoping to partner and build 2 sixth form colleges."

The process of procurement for schools has changed due to the legacy of the 2010 Coalition government's embrace of academisation, which Howell claimed has created a "Dispersed system." Around 8000 of the 25,000 schools in England have become academies, outside of local authority control, meaning that they have greater control over their procurement.

Howell mentioned that they were still on the "Early part" of their Social Value transformation, pointing out that the majority of schools lack procurement experts. Howell spoke on a core obstacle for schools implementing this agenda, he said.: There is no mention of social value in the Department of Education school's buying guide". Despite this Howell expected there to be a change in the Department, he said

I SUSPECT THE DEPARTMENT WILL LEAD US DOWN THE SOCIAL **VALUE ROUTE.** 



#### Adam Smith

Head of Capital Development, Guy's and St Thomas'

**● @GSTTnhs** 



Howell linked the social value and green agendas, he said that Red Kite would: "Love to spend more on renewable energy, we have a consultant helping us with solar panels and LED light replacements, the two top spend to save projects for school". Red Kite have utilised improvements to insulation and biomass boilers as ways to further their environmental policies.

The University of Wolverhampton has been focusing on Social Value whilst redeveloping it's estates, Emma Hesbrook, their Estates Procurement Manager described the major developments, she said, "We look to be renowned as a university that makes an impact in the region."

In the last five years the university has spent £130m on developing its estates, and has incorporated social value directly into its plans, Hesbrook said: "Our strategic plan intrinsically seeks to achieve social value".

The University has been promoting opportunities in the built environment sector from the social value generated by their estates development, Hesbrook described how their partnership with the firm ISG is "delivering both our £26m school of architecture and built environment scheme."

The scheme has been highly successful at generating social value, with all of the students participating going directly into work after graduating

Hesbrook praised the university's record on climate issues, she said that "We've always factored in the environmental factors and we are pushing our consultants to consider more sustainable materials." The University also works directly with developers to formulate it's KPIs for social value, after they award a contract.

The Panel were unanimous in believing that the industry needs to adopt an industry standard for social value, with Howell suagesting

#### THERE IS A CASE FOR A QUALITY MARK FOR SOCIAL VALUE

Hesbrook concurred, she said: "I think it would help us to evaluate tenders, are you really comparing apples to apples because that's what we need to do as procurement professionals."

Social value suffers from being a nebulous term, and having a stricter definition will only be beneficial in improving outcomes for developers.



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## **Best Practice in Frameworks**

#### **Panel Members:**



**Chair: Debbie Hobbs** 

Group Director - Sustainable Business, ISG



Sara Lawton

Director, Construction Impact Framework



**Chris Clarke** 

Head of Transformation & ICT, Scape Group



Paul Paskins

Head of Supplier Management, Southampton City Council





Mike Tyler

Business Development Manager, North West Construction Hub

**⋙** @NWCH2

## **'CALL TO ACTION' FOR SOCIALLY RESPONSIBLE COMMISSIONING**

The Director of Construction Impact Frameworks (CIF), Sara Lawton issued a 'Call to Action' at the Conference, she told delegates "We are inviting the whole of the public sector, along with the construction industry to join us in championing responsible commissioning."

Construction Impact Frameworks has worked to reinvest in the third sector having "invested in over 30 voluntary sector organisations" according to the Director.

Lawton was unequivocal about the need for framework providers to act, she said, "our communities are in crisis" highlighting in-work poverty, the 210,000 children living in substandard accommodation and knife crime as emblematic of the problems faced by society.

She also drew attention to a number of projects that CIF has funded through social investment, "The booth centre supports over 200 individuals a week who find themselves homeless or at risk of becoming homeless."

Lawton credited their success with "Membership growing organically" to being as she dubbed an "Ethically-driven, public sector led framework." CIF uses a 1.5%-3% levy that it reinvests in communities to deliver its model of social value.



Chris Clarke, the Head of Transformation & ICT at Scape group, a public sector framework provider raised the difficulties with defining best practice "The client's perception is public value, and public value is a shifting definition."

Clarke made a call to action of his own where he stressed the need to incorporate environmental concerns into framework provision

## ENVIRONMENTAL ACTION IS SO IMPORTANT, WE ALL HAVE TO DO SOMETHING ABOUT IT IN OUR NEXT CYCLE OF PROCUREMENT OR WE'RE NOT GOING TO BE WHERE WE NEED TO BE

Clarke emphasised the importance of early client engagement to ensure the best delivery of projects. The Scape Group uses the NEC4 contract suite to facilitate client engagement, which Clarke described as being the "most collaborative form of contract". The need for contractors to have fair route to margins was also a concern of Clarke, who reiterated concerns about narrow margins in the industry.

North West Construction Hub, a frameworks provider that was launched in 2009 by the Manchester City Council was described by Mike Tyler, their Business Development Manager as being early adopters of socially responsible commissioning and best practice.

The UK Government's' 1994 Latham Report and the 1998 Egan Report were referred to by Tyler as being foundational in discussion regarding best practice in the industry and influences on the development of their three frameworks.

Tyler listed the many things that were incorporated into these frameworks' best practice, he said: "It covered early contractor engagement, sustainable solutions, economic and



environmental focus, added value, apprenticeships, carbon reduction, reduce waste and fair payment/"

Furthermore the Development Manager also spoke of their early adoption of the social value agenda, he continued: "We were ahead of the curve with the social value act of 2013, we had a group already in place, developed a plan and informed clients what could be achieved with a 20% weighting on social value."

Southampton is trying to ensure that they are socially responsible in their use of Frameworks, Paul Paskins, the Head of Supplier Management at the City Council, he said they were: "In the process of creating a new policy on social value that would be built into the procurement policy going forward."

Oversaturation in the frameworks market was cited as an obstacle by Paskins, who described the market as being "congested". Difficulties within the public sector were raised by Paskins, who said a lack of commercial thinking was an impediment to delivering construction projects.

Political barriers also limit attempts to maximise socially responsible spending, Paskins described how politicians "Want things that play well on the doorstep and they want things that contribute to a political ideology." However, Paskins also noted the entire concept of social responsibility and community wealth-building was "partially politically driven."

Debbie Hobbs, Group Director of Sustainable Business at ISG expressed hope that a standard metric of social value would

emerge, she said

SOCIAL VALUE IS ALMOST WHERE SUSTAINABILITY WAS ABOUT 10 YEARS AGO EVERYONE STARTED DEVELOPING THEIR OWN MEASURING SUSTAINABLE BUILDINGS THEN BREEAM AND LEED CAME TO THE FORE AND EVERYONE FOCUSED ON THEM.

Hobbs gave the examples of the National TOMs and Social Profit Calculator used at ISG as effective contemporary tools. Lawton however described current calculation methods as "essentially a spreadsheet" and that they were "very subjective", but praised government plans to mandate a 10% minimum on contracts.

Clarke discussed the need for social values to address real social issues, he said: "The news yesterday was full of the number of people of died on the street that means more to me than abstract social value." The panel agreed on the need for social responsible commissioning, but also the need for it to be more tangible that just rhetoric.



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## **Innovation and Thought** Leadership in Frameworks

#### **Panel Members:**



Chair: Marie-Claude Hemming

Director of External Affairs. Civil Engineering Contractor





#### Mark Chadwick

Director of Business Services. Fusion 21 @Fusion21SocEnt



#### **Carrington-Moore**

Chief Strategy Officer, Scape Group

#### FRAMEWORK PROVIDERS UTILISE **CUTTING-EDGE TECHNOLOGY**

The future of the construction industry and frameworks was the focus of the final session of the Construction Frameworks Conference.

Mark Chadwick, Director of Business Services at Fusion 21 told attendees that clients were embracing new technologies, he said: "Things around Electric charging points, LED lights, new things that are coming through are what our members are saying they want from frameworks."

Change has not just come on the client-side, developers have also seized upon new technological innovations. Matt Carrington-Moore of Scape Group told the conference our their partnership with developer Balfour-Beatty, he said

#### WE ARE WORKING WITH THEM TO TAKE SOME OF THE HEADLINE INNOVATIONS THAT TAKING PLACE IN CROSSRAIL AND HS2 AND LOOKING AT VR AND BIM LABS AND LOOKING TO BRING THEM INTO MUCH SMALLER SCHEMES.

Carrington-Moore continued: "Interesting things happening at the moment, for example Willmot-Dixon are using exoskeletons at the minute to help with moving around a site". The Eksovest technology was developed by US Firm Ekso Bionics and is designed to augment workers endurance. It has been trialed at a number of Wilmot-Dixon's recent developments.

"The biggest thing that drives innovation is people" said Chris Hugo, CEO of GovData. Hugo pointed out the relative recency of the current form of procurement methods, he said: "You're all in the room today talking about a structure of procurement called frameworks which were ratified by European Union under OJEU in 2006."



Dynamic Purchasing Systems (DPS) are organizational innovation in the industry that Hugo credited with enabling "new market entrants." Hugo explained how DPS allowed expansion for SME: ,"If they are in that category that says £1-5m in projects then they're stuck there for four years, whereas the DPS lets them move up."

Carrington-Moore pointed to legislative change for its ability to be transformational on the industry, he said "part of the change in regs back in 2015 did provide a little more opportunity for frameworks to evolve" referring to the Public Contracts Regulations 2015.

The increasing adoption of smart buildings is a major future direction for the industry, Chris Hugo said that

**INTELLIGENT MATERIALS ARE GOING TO BECOME QUITE** SIGNIFICANT. NOTHING HAS **DISRUPTED IN TECHNOLOGY** 



#### Chris Hugo

CEO. GovData

#### INDUSTRY IN CONSTRUCTION IN QUITE SOME TIME.

Hugo speculated that this would lead to construction companies merging with smart providers, as many did with technology firms in the early 2000s, he reasoned: "You're going to see construction companies blending with Artificial intelligence businesses, you're going to see companies blending with user experience and customer experience companies that excel at that."

Carrington-Moore pointed to the potential for technology to benefit operations within construction industry in general he said that firms are now "Using artificial intelligence to automate some of the routines that take place". In addition he saw potential for using Blockchain technology in supply chain management.

The guestion of the best way to push innovation within the industry was questioned by Chadwick who question "A lot of the time innovation is used for competitive advantage or is collaboration the key?"

Chadwick compared the risk of a single firm gaining a technological advantage to the disruption Uber has caused to the traditional taxi industry, asking





#### **HOW DOES THE CONSTRUCTION INDUSTRY BUILD A RESILIENCE AGAINST THAT?**

Technology also has the potential to enhance skills and teaching in the construction industry, desperately needed in light of the skills shortage. Carrington-Moore explained how their developers partners were embracing the technology, he said: "Balfour-Beatty are engaging with technology called learn live, which is about helping them to meet our skills KPI by broadcasting webinars to school kids across class rooms."

Off-Site construction enabled by Modern Methods of Construction is another rising development within the industry. However, it also presents difficulties for the future of the industry according to Chadwick, who described "brings challenges in terms of skills and displacement of skills."

Chadwick stressed need to focus on innovation, he said that "We need to make sure if we're bringing innovation to the framework, it's got a purpose, it's got a need and it's got a

The innovation and thought leadership panel all agreed on the potential for new technologies and reforms within construction and frameworks. Frameworks have risen fast, and the future for the sector has the potential to be incredibly bright.

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## **Conference Photos**





























## **Conference Partners**

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INTERNATIONAL FIRE CONSULTANTS GROUP

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## Save the date



30th September 2020

London 08:00 – 17:00

#### **GET INVOLVED:**

Interested in having your brand at the forefront of the biggest industry discussion focused on economic growth, regeneration and development through construction frameworks?

Get involved early and secure your spot as a partner to position your brand as a thought leader and support to hundreds of the nation's top players

For further information on partnership opportunities available contact: **keith.griffiths@built-environment-networking.com** 



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