

Report of the YORbuild West Framework Manager

Report to Director of City Development

Date: 17 May 2019

Subject: Major Works Construction Framework – YORhub

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: 10.4 (3) Appendix number: 1 and 4	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No

Summary of main issues

The YORbuild Contractors Framework Agreement commenced in December 2009 for an initial duration of four years and included an option to extend the agreement by a further two years.

Lot 5, Construction works over £10 million on the YORbuild Contractors Framework is approaching capacity, to ensure continuation of the Framework a new Major works lot is required. Approval is sought to procure a new Major Works Framework.

Recommendations

Director of City Development is recommended to:

Approve the procurement of a new Major Works YORbuild framework agreement for the Yorkshire and Humber region with an estimated value of £1 billion and duration of four years and the option of a further two year extension.

1 Purpose of this report

- 1.1 To seek approval for a YORbuild Major Works framework agreement.

2 Background information

- 2.1 Leeds City Council is the YORbuild framework authority for the West area. The YORhub board (made up of representatives from Leeds City Council, Sheffield City Council, East Riding of Yorkshire Council, Rotherham Borough Council and Scarborough Borough Council, have identified and approved the need for a new YORbuild Major Works framework for projects over £10m. The main reason for this is that the original advertised values of £352m for YORbuild2 Lot 5 West area and £160m for Lot 5 East area are predicted to be exceeded by the end of 2019. This is demonstrated for the West area in the table appendix 1. It was proposed and agreed at the YORhub board meeting that Leeds City Council will be the contracting authority for this new framework subject to the LCC approvals process.
- 2.2 Leeds City Council is the logical choice as the contracting authority as it is the YORhub framework authority that best represents the Leeds City Region which is where a large proportion of the usage is anticipated to be. Sheffield City Council is acting as the contracting authority for the new YORcivils Major Projects Framework (highways works etc).
- 2.3 A decision was made by the YORhub Board to have one combined YORbuild Major Works Framework rather than separate sub-regional frameworks as based on the previous procurements for YORbuild2 over £10m lots the firms applying are likely to be the same and it is easier and less costly to establish one combined framework for both contractors and YORbuild.
- 2.4 The requirement for the new Major Works Framework is largely a result of the growing success of YORbuild in attracting larger value projects including strong recent engagement from the University sector and West Yorkshire Combined Authority. The new frameworks give YORbuild the potential to assist in the delivery of major investment projects being undertaken in the Yorkshire and Humber region and neighbouring areas. The advertised values of this new framework will be significantly higher than in previous frameworks with initial proposals being £1.5 billion, split into two lots £0 - £50 Million and £50 Million plus, with £750 million capacity on each lot.
- 2.5 It is proposed to extend the boundaries of the Framework in the Southern region to cover all Universities in the North Eastern Universities Purchasing Consortium. See attached coverage map in appendix 2.
- 2.6 The benefits to the Council of involvement in the YORhub regional collaboration are significant. It provides excellent capability and capacity to deliver major projects and gain efficiencies through the saving in resources from using an established Framework. It also provides external fee income for being the host authority as well as being beneficial for the West Yorkshire region. Appendix 1 is a future pipeline of works from lot 5 of the YORbuild2 framework.

3 Main issues

- 3.1 Once set up there are significant time savings to be realised from placing call offs from the framework with a value in excess of the EU threshold. This can result in a procurement duration of around 12 weeks as opposed to 36 weeks which can assist in the acceleration of council programmes.
- 3.2 The volumes that can be processed through a framework enable clients to maximise objectives, which would be far more difficult with the traditional project by project approach
- 3.3 To date, 24 projects with a value of £532 million have been procured and completed through YORbuild across Yorkshire and Humber, 15 valued at £352 million in the West Yorkshire area managed by Leeds City Council.
- 3.4 To further SME engagement, the framework operates a Supply Chain Engagement programme now managed by Leeds City Council, providing details of tender opportunities with framework contractors and hosting 'Meet the Buyer' events for members. The programme currently has almost 500 regional SME members. As a result, the framework has been recognised by Leeds City Region Leaders Board as supporting local businesses, and as such they resolved in 2011 that it should be used wherever possible.
- 3.5 The framework offers the ability for users to require contractors to deliver employment and skills outputs from their projects, this has resulted in significant benefits to the region.

4 Use of the framework from Leeds.

- 4.1 Leeds City Council have currently two projects on lot 5 of the framework (appendix 1). Having the option for Major Works is beneficial for Leeds as an authority. The benefits regionally are great and the resource time taken to run the Framework is covered in the form of income from the Framework. The framework will have a duration of four years with an option to extend for a further two years. This means that there will be capacity available for future LCC projects.

5 Corporate Considerations & Consultation and Engagement

- 5.1 The Category Manager for Construction and Housing has been consulted and confirms that the framework would be useful and may be utilised in the future. There are two LCC projects in the pipeline that could potentially use the framework. The Framework is beneficial for the region and as a whole the Framework is essential for the Council.
- 5.2 Potential works packages for this framework on behalf of the public sector across the region currently total £365m.
- 5.3 Market consultation for these new frameworks commenced in December 2018. Current and potential framework users were issued with a Questionnaire giving them an opportunity to shape the new frameworks. A combined Questionnaire was issued covering both YORbuild and YORcivil which gave users with an interest the chance

to comment on both frameworks. A copy of the Questionnaire is included in this report as appendix 3. The results of this consultation are included below appendix 4.

- 5.4 Current and potential users who were consulted were the 22 Authorities in the Yorkshire and Humber region, Blue Light organisations and NEUPC (University) members. The questionnaire was also issued to key organisations including West Yorkshire Combined Authorities, Civil Engineering Contractors Association and National Federation of Builders.
- 5.5 21 questionnaire responses were received and most of these gave a response covering both frameworks, although there were a few responses addressing one of the proposed frameworks only.
- 5.6 The questionnaire asked users for their views on proposals for the following: Pricing structure, Lotting structure, Call-off methods, form of contract, size of tender lists, single stage call off quality criteria, two stage call off quality criteria, social value.
- 5.7 The questionnaire also asked users for information on future major projects that they were planning. This information was requested to inform advertised turnover levels to be included within the OJEU notices. Users were also given the opportunity to add final comments.

6 Equality and Diversity / Cohesion and Integration

- 6.1 An equality screening assessment has been carried out and is attached in appendix 5
- 6.2 The Framework actively supports and covers five key areas of Social Value
 - Employment and Skills
 - Supply Chain Engagement Programme
 - Sustainability
 - Business intelligence modelling
 - Good fund grant funding scheme

7 Council policies and City Priorities

- 7.1 With consistent throughput through the framework, opportunities for development of the local supply chain intensify through the activities of the Supply Chain Engagement Programme
- 7.2 Whilst each project has the employment and skills outputs assessed relative its particular circumstances, by example it would be reasonable to expect nine person weeks of work experience for a project up to £100,000 in value and 13 person weeks of apprentice work, this would rise to 95 and 240 respectively for a project in excess of £10m. A wide range of opportunities, including school visits, work experience for 16-19 year olds, progression into employment and apprenticeships is available to

deploy on all contracts. See appendix 6 for details of Employment and Skills delivered through lot 5.

7.3 Projects undertaken and benefits realised from YORbuild support the following City Priorities.

- Inclusive growth – The framework's commitment to Social Value ensures jobs and opportunities for the people of Leeds through its employment and skills programme. The Supply Chain Engagement programme allows local and SME suppliers within the City access to opportunities with major contractors and develops the Leeds Pound. The Framework operates a 4 Good Fund into which suppliers donate cash and/or resource to support local regeneration projects across the region. Contributions are made from the contractors' Corporate Social Responsibility funds so there is no cost to clients for this initiative.
- Sustainable Infrastructure – The framework's dedication to sustainability aligns with the Council's objective for Sustainable Infrastructure. Requiring suppliers to reduce waste to landfill (where applicable) committing to halving waste to landfill and reducing carbon. The framework provides a sustainability Co-ordinator to advise users and suppliers on how to deliver their environmental responsibilities.

8 Resources and value for money.

8.1 The LCC resource cost of procuring the Framework and the cost of managing the Framework are paid for in income from the use of the framework.

8.2 Although the Council's Procurement and Commercial Service is subject to a high workload and resource pressures sufficient resources are available for this procurement. East Riding of Yorkshire Council are the lead authority for YORhub and will be managing the procurement and providing the majority of the procurement officer support. LCC will contribute through due diligence on key documents and contributing resource as one of the YORhub framework authorities.

8.3 Once in place, using the YORbuild framework provides a tested recognised framework of contractors to carry out Major works for the Council, without the need to have a fully resource intensive Procurement process.

8.4 It should be noted that use of the framework by individual Directorates will depend on the nature of the procurement and suitability of the framework. Other options can also be considered and used, provided that where YORbuild is not the proposed route to procurement the alternative is approved by the relevant Chief Officer.

8.5 Alternatively, the Council could revert to conducting tenders on a one off basis through the open market or use of the Constructionline service, however in many cases, particularly those involving larger value projects, this would be slower and therefore more costly. In addition, less integrated working with contractors than is enjoyed under the framework would be likely resulting in increased costs.

9 Legal Implications, Access to Information and Call In

- 9.1 This is a Key Decision due to the estimated overall value of the framework and is therefore open to call in.
- 9.2 Appendices 1 and 4 are confidential under access to information rules 10.4 (3) (business affairs of the council and third parties). Appendix 1 details possible procurement plans for public bodies across the region. Some of these projects are at early development stage and the public bodies involved need to be able to manage and plan major projects including controlling any publicity surrounding them to the market. Appendix 4 contains commercial details on the development of framework terms disclosure of which may damage the commercial tendering position of the Council. In each case the public interest in allowing considered decision making on large scale projects and commercial positions is considered to outweigh the public interest in disclosure.
- 9.3 The framework will be procured in line with the Public Contracts Regulations 2015. As East Riding of Yorkshire Council are leading on the procurement it will be conducted in line with the standing orders of East Riding of Yorkshire Council. The Council's Procurement and Commercial Service have assessed the East Riding CPRs and have confirmed that they are suitable.
- 9.4 The Procurement and Commercial service (including the legal team) will carry out due diligence on key tender documentation prior to issue.

10 Risk Management

- 10.1 The procurement of the Framework carries the same risks as regular Public Sector procurement and is open to challenge. Through transparency of documents and compliance with the OJEU process and Public Contract Regulations 2015 the risks are mitigated.
- 10.2 Rigorous financial and quality checks on the Frameworks contractors are carried out at tender stage and quality and risk performance is carried out during the lifecycle of the framework to minimise risk of challenge and failure from the contractors.

11 Conclusions

- 11.1 The use and management of a new YORbuild Major Works framework presents an opportunity for Leeds and the Yorkshire and Humber region to benefit from:
- Savings in time and cost on its construction projects
 - Managed and structured development of local supply chains locally and in the region
 - Creation of training and job opportunities on all projects irrespective of size
- 11.2 Evidence in operation of the framework so far is that all of those benefits are being achieved, and with further throughput can be intensified for the benefit of Leeds City Council and the wider Yorkshire and Humber region.

12 Recommendations

12.1 The Director of City Development is recommended to:

- Approve the procurement of a new Major Works YORbuild framework agreement for the Yorkshire and Humber region with an estimated value of £1 billion and duration of four years, with an option to extend for a further two years.

13 Background documents¹

13.1 None.

¹ The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.