

STRIVING FOR THE GOLD STANDARD

A PRACTICAL GUIDE TO:
Framework selection for
public sector construction



scf

FOREWORD

The Constructing the Gold Standard Report is a significant milestone and the culmination of decades of work defining and delivering best practice for construction frameworks. SCF and NACF partners have been at the forefront, as seen by examples of good practice in the 2012 [Effectiveness of Frameworks Report](#).

Professor Mosey was very clear at the launch of the report. It is not intended to spark a rush to gain a kitemark, it is an opportunity to share best practice and thought leadership from the UK's leading frameworks to drive effectiveness across the 2,000+ public sector construction frameworks.

As a step on from the Construction Playbook, Professor Mosey has presented a set of guidelines that shines a light on frameworks. At a time of economic uncertainty and disruption, it will enhance the capabilities of the public sector organisations for which it is designed and so the timing is perfect.

We see the Gold Standard as an opportunity not only for us to celebrate our achievements but to look inwardly at our ambitions. The construction industry is one of constant evolution, challenges and volatility, so any good framework will tell you that it can always do more in its quest for excellence.

We recognise that the 24 recommendations set out in the report are complex. This document pulls out the fundamental principles that sit at the core of the Gold Standard guidelines and frames them in a set of simple questions and pointers that you can take to any framework.

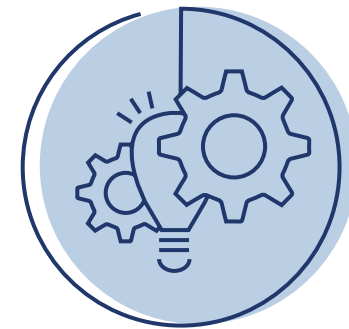
We've consulted with our contractors and listened to our clients to create this resource and we hope that it helps you to ask the right questions towards a better understanding of how a Gold Standard framework should be operating.

Kingsley Clarke & Adam Sanford,
Southern Construction Framework (SCF)



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WHAT DO YOU OFFER BEYOND A LINEAR COMPARISON OF PRICES?

Professor Mosey’s Gold Standard guidelines measure Construction Playbook implementation on a ‘comply or explain’ basis. He wants to see frameworks working within a Gold Standard framework contract and action plan. For frameworks operating to the highest of standards and with the best interests of the broader construction industry, this creates a level playing field.

The value that each framework can offer you will vary significantly. And you should judge their merit against your needs. At one end of the spectrum there are frameworks that offer purely a route to market. There are those that have a more robust offer, but don’t offer expertise, input or framework management capabilities.

The best frameworks are more than a procurement vehicle. They offer a fully managed service, supporting the delivery and outcomes of a project through its lifecycle. They extend collaboration and support to contractors and subcontractors and makes them equally as accountable with clear KPIs, such as net zero carbon or lifecycle costs.

Education is a key component. At project completion, you should feel that you have had a learning experience. For example, added value

could mean early feasibility advice and options evaluation to help drive out risk and provide sustainable solutions.

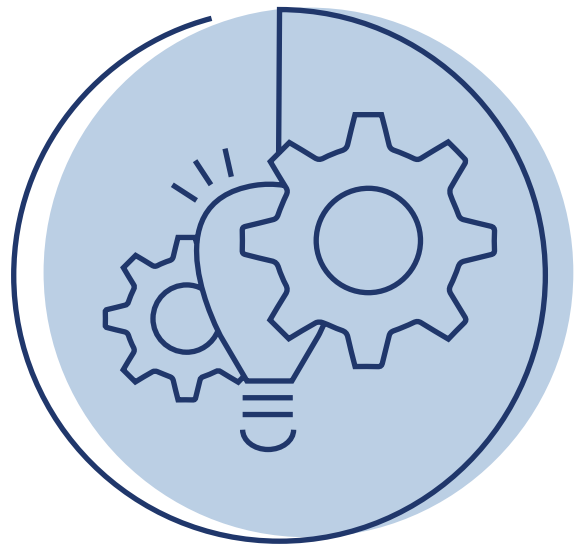
Does the framework sometimes say no? If they don’t push back from time to time, it implies they are sacrificing their expertise and experience for complicity, which has no value to you as a client. A good framework should push you on specifics for your budget and for clarity on your objectives. They should ask you the difficult questions.

A good framework will ensure that competition is entirely visible to a client, so they have sight of how and where the competition happened.

“Choosing a framework to work with on a project should not be a race to the bottom. You need more than just a route to market, you need a valued partner.”

WHERE CAN I FIND MORE ON THIS IN THE [CONSTRUCTING THE GOLD STANDARD REPORT?](#)

- Use the Gold Standard features of frameworks, framework contracts and action plans to measure Construction Playbook implementation on a ‘comply or explain’ basis (page 12)
- Ensure that all Gold Standard features are adopted by clients and suppliers when comparing the different construction frameworks on offer (page 18)
- Use delivery model assessments to inform and support framework strategies, procurement, contracting, management and call-off (page 65)
- Integrate the mutual commitments of framework providers, clients, managers and suppliers through the terms of a Gold Standard framework alliance contract (page 71)
- Improve framework outcomes by creating collaborative systems for the management of framework relationships and strategic supply chain relationships (page 91)
- Support the adoption of Gold Standard frameworks, framework contracts and action plans through government-led training and guidance (page 93)



HOW DO YOU DEMONSTRATE INNOVATION AS A FRAMEWORK?

The Gold Standard guidelines recommend that innovation and emerging technologies form a part of the pre-procurement process to identify early opportunities in the market. So, innovation needs to be part of your early engagement with the framework to understand where their focus lies, your brief and aspirations. Do they have an innovation adviser or working group?

For Professor Mosey's report and the Construction Playbook, Modern Methods of Construction (MMC) sits at the heart of current innovative solutions. Frameworks are being actively encouraged to explore the benefits of MMC and other offsite solutions. But, MMC is still in its infancy, so work with your framework to understand their approach, alongside the potential benefits to your project.

Also explore what innovation means for an individual framework - there are many interpretations. It could be through the lens of digitisation and BIM for designs and long-term asset management, or be a broader approach to procurement or even how the framework collaborates with its supply chain. Ultimately, if frameworks are all doing the same thing, it is not innovation.

Professor Mosey wants innovation to be about required client outcomes, which essentially means good ideas that translate into practical solutions to meet your brief. Innovation will mean something different to you as a client than the next client and so it's important that the framework meets your needs, environment and aspirations.

“Think more broadly about the project outcomes you want. How does innovation apply? It does not have to be technology-driven but can be rooted in deeper relationships and equitable sharing of knowledge throughout the life of your project.”

WHERE CAN I FIND MORE ON THIS IN THE [CONSTRUCTING THE GOLD STANDARD REPORT?](#)

- Use pre-procurement framework consultation to explore emerging technologies and innovations and to identify opportunities in the market (page 43)
- Improve supplier investments in MMC and other offsite technologies by awarding framework call-off contracts for portfolios of work (page 50)
- Incentivise innovative solutions by creating specifications for frameworks and call-offs that focus on required client outcomes (page 63)



HOW WILL YOU HELP ME REALISE MY AMBITIONS AROUND CARBON?

Both the Construction Playbook and Gold Standard guidelines are driven by government and industry ambitions for contractually binding action plans to deliver on environmental goals. Professor Mosey calls for clients to evaluate proposals for frameworks using balanced criteria that include net zero GHG emissions.

A good framework will be upfront about its criteria, contractual obligations and detail around carbon and environment as part of a build. In return, you must have at least a broad set of sustainability goals, but a framework should not expect you to have all the answers. From the outset, you should expect collaboration on not only the carbon zero build goals - already a hugely complex area - but aspirations around whole life.

The better frameworks will have dedicated sustainability consultants and they should be asking you what net carbon zero means to the project? Where does it sit within the overarching goals? This may mean questioning carbon zero motivations and taking a hard look at balancing performance metrics with solutions that have a real bearing on the project. Is hitting carbon zero more important to you than hitting your budget? In other words, do you have the budget to meet your ambitions?

Often, some of the simple solutions are the most effective, which could mean changing a new build to a retrofit project. Don't be put off by the less award winning but arguably more valuable solutions for the build.

You also want visibility on the carbon commitments of the contractors on the framework and their supply chain. Are they working together to share best practice?

Does the framework already have a clear set of guidelines and practices around net zero carbon for contractors but also supply chain partners? They should be able to quickly point you to their standard practices, such as Baseline Carbon Assessments at the start of a project.

“Volatility in energy markets is here to stay and the days of sacrificing future carbon for reduced capital costs are gone. Think ahead and use the expertise in the industry to choose the best lifetime path for your project.”

WHERE CAN I FIND MORE ON THIS IN THE [CONSTRUCTING THE GOLD STANDARD REPORT?](#)

- Require that all public sector construction frameworks prioritise safety, net zero carbon and the Compact with Industry (page 23)
- Create contractually binding Gold Standard action plans to convert framework objectives into actions and timetables that deliver improved economic, social and environmental outcomes (page 31)
- Evaluate proposals for frameworks and call-offs proportionately and consistently using balanced criteria that include quality, social value and net zero GHG emissions (page 85)



WHERE DO I START IN INCLUDING SOCIAL VALUE AS PART OF THE PROJECT OUTCOMES?

The Gold Standard seeks to create actionable components within a project. Setting social value targets must add measurable value to the build, rather than being around point scoring.

Ask frameworks what policies they have that support social value for each project in the early stages so that the supply chain and community engagement reflect appropriate targets and measures for the end of the project and beyond.

Evaluation criteria set out in the report focuses on identifying SME strengths, and using ‘Supply Chain Collaboration’ to create supplier led alliances that include local and regional businesses. Central to social value is working with SMEs and being sensitive to local economies. Prompt 30-day payments and open book processes encourage trusted and efficient supply chain partnering. Ask the framework to tell you their minimum targets around the percentage of project value in SME spend and the geographical proximity of supply chain partners.

Does a framework comply with the social value policy and are all its partners committed to exceeding the Public Services (Social Value) Act 2012? How does the framework ensure that contractors are supporting the local community including charity events and fundraising? Are contractors employing local apprentices as part of a project?

It is also important that the framework makes best use of its multiple project experience across many sectors and build types to collate social value legacy information to inform future projects. Ask main contractors to ensure social value legacies are reported at construction handover and monitored.

“Do not view social value as a passive exercise carried out by the main contractor on your behalf. Take responsibility to truly understand the needs of the local environment and how your project can engage and enhance the community.”

“SMEs should be treated as a core part of the team. Use their local knowledge and contacts and work on building trust by being sensitive to their needs as local businesses.”

WHERE CAN I FIND MORE ON THIS IN THE [CONSTRUCTING THE GOLD STANDARD REPORT?](#)

- Create contractually binding Gold Standard action plans to convert framework objectives into actions and timetables that deliver improved economic, social and environmental outcomes (page 31)
- Improve economic, social and environmental outcomes through framework early supply chain involvement (ESI), using Supply Chain Collaboration systems in all framework contracts (page 60)
- Evaluate proposals for frameworks and call-offs proportionately and consistently using balanced criteria that include quality, social value and net zero GHG emissions (page 85)
- Capture improved value by identifying SME strengths and use Supply Chain Collaboration systems to maximise social value (page 39)



WILL YOU DISCUSS PROJECT PIPELINE VISIBILITY AND WHY IS THIS IMPORTANT?

Significant cost and time can be wasted by clients and suppliers in procuring speculative frameworks. To optimise competitive bids and strategic commitments from prospective suppliers, the review recommends that clients (and framework providers) make clear in all their framework procurements the pipelines of work to which they commit and any preconditions.

This has been an escalating issue, exacerbated by a more competitive framework landscape, more single-stage build projects and other testing industry and economic factors.

Why is it important to discuss pipeline visibility? What does that mean to you as a client and why would we want to push a client for it? In a dynamic and competitive market, no framework or contractor wants to say no to a job because they have been given an unrealistic project timeframe. No client wants to be in a position where they work with a second-choice contractor who agrees a quick turnaround but at the expense of the quality of the build.

Good project pipeline visibility practice across the industry is important for you as a client because early engagement means more

invested contractors and therefore better competition. Contractors and suppliers will have had time to do the proper research around your potential project build. Limited pipeline visibility will affect the supply chain in determining their availability, when they are also managing multiple projects. Equally, your supply chain may have availability but the contractor does not and the supply chain loses the opportunity.

“Frameworks offer a unique opportunity to apply a programme approach to stand-alone projects by aggregating supply chains and materials specification. Speak to your framework provider about your longer-term ambitions. Savings can be made by collaborating and advance planning.”

WHERE CAN I FIND MORE ON THIS IN THE [CONSTRUCTING THE GOLD STANDARD REPORT?](#)

- Avoid wasted procurement costs and improve supplier commitments by ensuring that frameworks offer sustainable pipelines of work (page 41)



HOW WILL YOU MITIGATE ANY FINANCIAL RISK FACTORS IN MY PROJECT?

Financial risk and cost issues feature more than any other area in the report.

For all parties, risk is a constant issue and more specifically the appropriation of risk. It is not always about minimising or eliminating risk, but who owns a risk. From a construction perspective, it is an important distinction because many risks are not going to go away any time soon. Bad practice leads to risk responsibility being passed down the chain, severing relationships and putting smaller suppliers out of business.

A good framework will work with partners to agree how that risk can be shared and engender a culture of open and transparent dialogue. Ask your framework if they operate via a Two Stage Open Book (2SOB) approach, as those that do will bring the contractor, stakeholders and suppliers together at the very start of a construction project.

Early collaboration at the planning and design stage minimises the chance of issues arising later in the project. It helps save time, control costs and results in accurate cost predictability, keeping projects on budget.

The first stage acts as an opportunity to review the approaches of bidding contractors and compare their rates for profit, fees, overheads and other additional costs. In the second stage, the team is working to an agreed objective, cost and programme, fully scoped to assess risks early.

A good framework will also use previous experience and projects to create benchmarks to forecast whole-life costs on future builds. Professor Moseley’s recommendations include the creation of ‘Should Cost Models’ to do just that.

“Insufficient scrutiny of the risk profile of your project could result in a disproportionate burden on the local supply chain who may not be best placed to hold it. Get to know your wider supply chain and ensure an equitable environment to discuss and apportion risk.”

WHERE CAN I FIND MORE ON THIS IN THE CONSTRUCTING THE GOLD STANDARD REPORT?

- Reduce procurement costs, improve value and reduce risks by wider adoption of a standard form Gold Standard framework alliance contract (page 29)
- Avoid wasted procurement costs and improve supplier commitments by ensuring that frameworks offer sustainable pipelines of work (page 41)
- Invest in framework management that demonstrates value for money for clients and suppliers (page 35)
- Reduce procurement costs and improve value through the award of longer-term call-off contracts and the incentive of additional work (page 46)
- Assess and control the costs of framework deliverables through the use of evidence-based benchmarks and whole life Should Cost Models (page 68)
- Allocate risks based on framework market engagement and use joint framework systems for early risk mitigation and efficient responses to risk events (page 75)
- Create transparent pricing mechanisms for frameworks and call-offs that maximise cost certainty and ensure prompt payment (page 79).
- Reduce procurement costs by consistent and proportionate assessment of economic and financial standing using ‘PAS91’ or the ‘Common Assessment Standard’ (page 81)
- Establish shared and transparent framework systems through which to manage and mitigate the risks of a supplier’s financial distress (page 87)



WHAT IS YOUR APPROACH TO WORKING WITH YOUR SUPPLY CHAIN?

HOW WILL THIS BENEFIT ME?

The Gold Standard is looking for frameworks to have collaborative systems in place and these are to be mirrored by suppliers in strategic supply chain relationships.

Professor Mosey wants to see supplier led alliances with supply chains that include local and regional businesses to maximise social value. These systems should include a ‘Core Group’ or equivalent joint decision-making group through which to manage strategic planning, value improvement, risk reduction and dispute avoidance.

Consider how you can use your supply chain to address carbon saving issues. With early engagement, you can reduce the risk of using new and innovative technologies by pooling all the expertise available to you and your supply

chain. Ask them to show you places where carbon saving practices and materials have been proven already. That way, at planning permission stage, you can already show an exemplar building future proof for carbon zero - based on experience, combined expertise and knowledge.

Ask a framework about its aspirations and longer-term goals with the supply chain and ask it how and when (ideally in the pre-construction period) it links suppliers and clients and project teams together on like-minded projects. There will be many shared supply chains that are collaborating in ways that are not immediately visible. How does the framework go about formalising ways to find out about these?

“For too long the supply chain has been the sole responsibility of the main contractor and opportunities for innovation have been lost.”

“Your supply chain is an extension of your core team and should be treated as your eyes and ears on the ground. Do not waste the benefit of their experience and do ensure their successes are rewarded appropriately.”

WHERE CAN I FIND MORE ON THIS IN THE CONSTRUCTING THE GOLD STANDARD REPORT?

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HOW IS SCF MEETING THE GOLD STANDARD RECOMMENDATIONS?

1 Implement the Playbook

Contributor to gold standard development drawing on SCF expertise (Gold Standard Contract & Action Plan)

2 Demonstrate aspects of Gold Standard compliance

Ongoing commitment to demonstrable compliance for all best-practice and legislative requirements (Gold Standard Contract & Action Plan)

3 Safety, Net Zero, UN SDGs

Health & Safety Forum and Climate Emergency Response Group for Safety, Net Zero, UN SDGs issues (ESG) (Emerging Technology & Innovation)

4 Alliance Contract

Employ core principles of the alliancing contract (Gold Standard Contract & Action Plan)

5 GS Action Plan, SMART

Suppliers use our governance and directorship processes to map out the gold standard journey (Collaboration & Supply Chain) (Gold Standard Contract & Action Plan)

6 Demonstrable value from Actively Managed Frameworks

200 data 'touch points' for performance and improvement intelligence (Cost, Value & Risk Reduction) (Collaboration & Supply Chain) (Emerging Technology & Innovation)

7 SME / Supply Chain Collaboration

Work radar, LSC and SP Portal platforms connect micro, sole trader, and social enterprise organisations to the wider supply chain (Emerging Technology & Innovation) (Collaboration & Supply Chain)

8 Sustainable pipelines

Consistent pipeline over four generations (Cost, Value & Risk Reduction)

9 Pre-market engagement

Extensive pre-market engagement through main contractor selection, LSC pipeline and package engagement to 27,000+ suppliers. Digital MTB events for SME and supply chain (Collaboration & Supply Chain) (Cost, Value & Risk Reduction)

10 Longer term call-offs (programmes)

MCOMP allows programmes (PS Cluster) Supply chain aggregation, pre-construction knowledge sharing (Collaboration & Supply Chain) (Cost, Value & Risk Reduction)

11 MMC/Offsite

Market intelligence maximises use of modern methods of construction (Emerging Technology & Innovation)

12 Whole Life Value

Carbon baseline tool, data collection from previous projects & early supply chain input (Emerging Technology & Innovation) (ESG)

13 Drive economic, social and environmental outcomes through supply chain

LSC platform tracks local spend and maximised visibility to local economy, Work Radar connects SMEs and Sole Traders, SP Portal collates information of local VCSE (Collaboration & Supply Chain) (Cost, Value & Risk Reduction)



HOW IS SCF MEETING THE GOLD STANDARD RECOMMENDATIONS?

CONTINUED

14 Outcomes-based specifications

360 KPIs and Social Legacy Tool tracks outcomes against targets and longer-term impacts (Emerging Technology & Innovation) (ESG)

15 Delivery Model Assessments

Continuous improvement allows the SCF commercial approach to be streamlined between framework generations (Gold Standard Contract & Action Plan)

16 Cost Benchmarking

M2i database tracks cost and time performance for live projects and holds cost data for future benchmarking (Cost, Value & Risk Reduction) (Emerging Technology & Innovation)

17 Alliancing Commitments

Monthly meetings run by Framework Managers, Director's Forums, Director's 1:1s, contractor's rapid updates, clients' rapid updates

18 Risk Allocation

2SOB supports risk apportionment through an integrated project team, early contractor engagement and key supply chain members (Cost, Value & Risk Reduction) (Collaboration & Supply Chain)

19 Transparent Pricing

2SOB supports full transparency of costs – With overheads and profit set at Mini-Competition, other costs are collaboratively agreed (Cost, Value & Risk Reduction)

20 PAS91

PAS91 and SSIP accreditations to minimise resource burden for bidding its frameworks (Cost, Value & Risk Reduction)

21 Award based on quality, social value, and net zero

ITT selection and mini-competition call-off process with carbon and social value KPIs (ESG)

22 Financial Monitoring

ACDC accreditation, monthly payment reporting on live projects and independent payment audits (Cost, Value & Risk Reduction)

23 Strategic Relationships

Strong relationships with both suppliers and clients through account managers meetings, continuous improvement groups, client and director forums. (Cost, Value & Risk Reduction) (ESG) (Collaboration & Supply Chain) (Emerging Technology & Innovation) (Gold Standard Contract & Action Plan)

24 Training and Guidance

CPDs and training events for the public sector and its consultants to benefit from (Cost, Value & Risk Reduction) (ESG) (Collaboration & Supply Chain) (Emerging Technology & Innovation) (Gold Standard Contract & Action Plan)



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BAM, Willmott Dixon, Speller Metcalfe, Kier, GRAHAM,
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AMBITIOUS PR

GET IN TOUCH

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