

Construction: Gold Standard Framework – seven months on

We have created a summary of the recommendations and consistent themes which we are now starting to see becoming more embedded in public sector procurement practices.

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Seven months ago, the Independent Review of Public Sector Construction Frameworks was published. Commissioned by the Cabinet Office and led by Professor David Mosey PhD, the 'Gold Standard' was introduced for public sector frameworks and controls. Having consulted over 100 clients, suppliers and advisers within the sector, Mosey published his report - [Constructing the Gold Standard](#). The report highlighted practices which lead to successful outcomes and those which do not.

Framework agreements play a central role in the public procurement process, enabling public bodies to procure goods and services from pre-approved suppliers. This provides public authorities and suppliers an opportunity to form long-term, collaborative relationships. Mosey states, "A framework can create a sound commercial strategy for its clients, managers and suppliers if it enables and governs an attractive amount of work, if it sets out fair procedures governing how that work is awarded and if it establishes the means by which performance should improve over time."

The 135-page review identified a number of concerns which framework agreements raise, including one's ability to bypass the established procurement procedures. It also highlighted the various speculative frameworks which are not connected to any specific pipeline of work. Amongst other things, this wastes the time and costs for all parties involved.

Attempting to address the perceived issues raised by current construction framework agreements, Mosey put forward 24 recommendations for Gold Standard construction frameworks. They aim to help guarantee projects have improved efficiency, increased safety standards and a focus on net-zero carbon and social-value targets.

A summary of the recommendations and consistent themes which we are now starting to see becoming more embedded in public sector procurement practices is set out below.

Collaboration, performance and standards

Much of the review relates to maintaining certain standards through collaboration and performance measurement. It is thought that, by creating collaborative systems for the management of framework and strategic supply chain relationships, there would be improved outcomes. It is recommended the mutual commitments of framework providers, clients, managers and suppliers could all be integrated through the terms of a Gold Standard framework alliance contract. The adoption of Gold Standard frameworks, framework contracts and action plans generally would need to be supported through government-led training and guidance. This would include using them to measure Construction Playbook implementation on a 'comply or explain' basis, and using delivery-model assessments to inform and support framework and procurement strategies.

Risk

The review recommends wider adoption of a standard form Gold Standard framework alliance contract to reduce risk, and encourages allocation of risks based on framework market engagement. It is thought these shared and transparent framework systems will also result in early risk mitigation and efficient responses to risk events, including better ability to manage and mitigate supplier financial distress.

Costs and payment

The review recommends reducing procurement costs, improving value (including through supplier commitment) and reducing risks by awarding longer-term call-off contracts (with sustainable pipelines of work) and wider adoption of a standard form Gold Standard framework alliance contract. It also recommends reducing procurement costs by consistent and proportionate assessment of economic and financial standing using 'PAS91' or the 'Common Assessment Standard'. The pricing mechanisms for frameworks and call-offs should be transparent, maximising cost certainty (to ensure prompt payment). The costs of framework deliverables should be assessed and controlled using evidence-based benchmarks and whole-life 'should cost models'. Industry is also encouraged to capture improved value by identifying SME strengths, and using supply chain collaboration systems to maximise social value, and to invest in framework management that demonstrates value for money for clients and suppliers.

Innovation and technology

It is recommended the industry uses pre-procurement framework consultation to explore emerging technologies and innovations and to identify market opportunities. It is thought that a framework alliance contract could then be used to create a whole-life golden thread of integrated asset information using building information modelling and other digital technologies. In terms of innovative solutions, these can be incentivised by creating specifications for frameworks and call-offs that focus on required client outcomes. Further, we can improve supplier investments in modern methods of construction and other off-site technologies by awarding framework call-off contracts for portfolios of work.

Socio-economic and sustainability issues

There is increased call to evaluate proposals for frameworks and call-offs proportionately and consistently using balanced criteria that include quality, social value and net-zero greenhouse gas emissions. Further, the review recommends contractually-binding Gold Standard action plans converting framework objectives into actions and timetables that deliver improved economic, social and environmental outcomes. It also recommends all public sector construction frameworks should be required to prioritise safety, net-zero carbon and the 'compact with industry' approach. Finally, the review suggests early supply chain involvement, and supply chain collaboration systems could be used to maximise social value and improve socio-economic and environmental outcomes.

This is a great springboard for motivational change: after an initial 'bedding-in period', there is now great appetite amongst our clients to improve their current operational models and legal frameworks across new-build construction, as well as refurbishment and maintenance frameworks.

We have seen several clients reassessing their current practices and putting more strategic, longer-term procurement mechanisms in place. We have also seen a lot more focus on incentives for technology and innovation in construction contracts, and significant increase in performance measurement around socio-economic, environmental and sustainability objectives. However, there is much further to go in order for the Gold Standard to be embedded in public sector procurement practices, and we continue to help our clients implement more of the review's recommendations.

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