



# CECA Frameworks Report

Directions in policy for the  
UK's infrastructure sector

  
ceca  
Working for Infrastructure

# Contents

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- 01 CONTENTS
  - 02 EXECUTIVE SUMMARY
  - 03 INTRODUCTION
  - 04 FRAMEWORK: DEFINITION
  - 05 USES OF FRAMEWORKS
  - 06 KEY CHARACTERISTICS OF WELL-MANAGED  
FRAMEWORKS
  - 09 KEY CHARACTERISTICS OF POORLY-MANAGED  
FRAMEWORKS
  - 10 CECA RESEARCH
  - 11 WHAT DOES GOOD LOOK LIKE?
  - 12 RECOMMENDATIONS
  - 14 ABOUT CECA
  - 14 ABOUT THE CECA PROCUREMENT GROUP
-

# Executive Summary

Frameworks are a good way of organising and delivering civil engineering projects. Yet, while some work well - providing the opportunity for civil engineering contractors to deliver work efficiently - at times they do not work effectively at all.

Our research identified a series of key principles for effective frameworks to guide those procuring and managing them to ensure excellent delivery on the ground. In order to start the drive forward towards best practice, we worked with our members and others in industry to develop a series of recommendations for our infrastructure clients.

- Frameworks to be based around a clear valued work bank with a commitment to deliver work in the framework.
- Once established, frameworks must be used by customers.
- Frameworks to deliver a specified minimum value of work for all participants with subsequent work distributed on quality of tender performance and delivery.
- The number of companies on a framework should be proportionate and balanced in relation to the framework's value and the number and type of projects available.
- Customers should refrain from using multiple frameworks for greater flexibility which comes at the expense of increased uncertainty for the supply chain.
- More use should be made of limited requests for tenders from a select number of suppliers, contractors or service providers in order to reduce the time and cost of the selection process.
- Framework operators should only consider the use of mini competitions if there is a clear commercial reason for doing so.
- Frameworks must recognise SME specialisms and expertise.
- PQQs for frameworks should adopt proposals being developed by industry for a single industry standard approach.

Over the coming year CECA will be sharing this document with the wider infrastructure community and others as part of a discussion as to how we can make frameworks work well for everyone.

# Introduction

CECA's research report on frameworks stems from our previous policy report on the challenges of procurement as a whole. Published in 2016, that research found that frameworks could be a useful tool to organise and deliver civil engineering projects. However, it also demonstrated that frameworks did not always work effectively and briefly considered some solutions.

The report specifically recommended:

**Frameworks being based around clear valued work banks with real commitments to deliver work within the framework.**

**The number of companies on a framework should be proportionate to its value.**

**All frameworks should provide sufficient work to each participant to provide participants an opportunity to recoup the bidding costs.**

The aim of this report is to address the challenges faced by civil engineering contractors when working within frameworks and guide and influence policy-making.

The evidence in this report comes from an anonymised member survey, a series of workshops and research with CECA's members along with key stakeholders. The value of the report is that it becomes a discussion point and best practice guide for our customers, Government and the wider infrastructure community. It offers a guide to the way in which frameworks operate for the benefit of all.

There is currently wide variation in the approach and the effectiveness of frameworks across the industry. It ranges from those providing extremely efficient delivery mechanisms and successful outcomes for both customers and suppliers to those that are little more than select lists, with uncertain work banks providing inefficient delivery and mixed outcomes all involved.

# Framework: Definition

*The Public Contract Regulations 2015 (“the Regulations”)* define a framework agreement as:

*“An agreement between one or more contracting authorities and one or more economic operators, the purpose of which is to establish the terms governing contracts to be awarded during a given period, in particular with regard to price and, where appropriate, the quantity envisaged.”*

Whilst a framework agreement does not in itself commit either party to purchase or supply, the procurement to establish a framework agreement is subject to EU procurement rules.<sup>1</sup> A framework contract is arrangement between two parties which commits one to buying from the other a minimum volume of particular goods or services over a specified period. But in some cases – a zero value framework - there is no commitment to buying anything at all.

1. *The Public Contracts Regulations 2015 & The Utilities Contracts Regulations 2016 Guidance on Framework Agreements*, October 2016 [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/560268/Guidance\\_on\\_Frameworks\\_-\\_Oct\\_16.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/560268/Guidance_on_Frameworks_-_Oct_16.pdf)

### Box 1. The four types of framework agreement<sup>2</sup>

|   |  |
|---|--|
| Single supplier framework agreement   | This is where a contracting authority enters into contract with a supplier but can at a later stage ask a supplier to add to its tender as work requirements progress. |
| Multi-supplier arrangements setting out at the start all the terms under which contracts may be called off                  | The procurement documents here must clarify which supplier will perform the contract.  |
| Multi-supplier arrangements which do not set out all the terms of the arrangement.  | Contracts here will be awarded following mini-competitions, the procedure for which must comply with the Regulations.  |
| Multi-supplier arrangements allowing for contracts to be called off without open competition, and/or for mini-competitions. | Decisions here must be made on objective, and previously set out criteria.   |

## Uses of Frameworks

Framework agreements are used for the procurement of all types of infrastructure and are used at national, regional and local levels. Beneficial in the long term for both customer and supplier, they are often used within the public sector. They are also used at times within the private sector, although compliance procedures can differ here.

Customers looking to procure infrastructure projects may often consider using framework agreements to deliver all, or part of the work.

Our research has found that well planned, effectively procured and managed frameworks can deliver advantages for both customer and the supply chain at the core of which lies improved safety, continuous innovation and commitment to core values by all.

2. *Framework agreements under the PCR 2015: some tricky issues clarified*, May 2015  
<http://publicsectorblog.practicallaw.com/framework-agreements-under-the-pcr-2015-some-tricky-issues-clarified/>

# Key characteristics of well-managed frameworks

## Enhanced value for money

One of the key aims of framework agreements is to realise better value for money through economies of scale by aggregating projects into work banks or programmes of work. This enables suppliers to not only plan and utilise their resources more efficiently, but also to invest in new plant, equipment and systems.

Well-structured frameworks, enabling the long-term continuity of teams working together can deliver further efficiencies through sharing best practice and facilitating early involvement of specialists in the design process to develop optimal solutions that are safe and buildable. They can be set up to benchmark performance and drive continual improvement through regular measurement of Key Performance Indicators and capturing lessons learnt.

If the framework is not opened up to external competition, contractors which have successfully secured a place on a framework can now focus solely on delivery for the lifetime of the framework. As such they gain a greater understanding of a client's business and can seize the opportunity to improve processes and systems, creating the ideal environment for innovation.

### Reduced administrative burden

Framework agreements generally reduce the number of procedures contracting authorities need to undertake to deliver their work bank, and therefore decrease the time and costs linked to carrying out procurement. This leads to less commercial conflict enabling all parties to concentrate on delivery.

The reduced administrative burden also benefits contractors as they are either awarded a contract directly or face a simplified mini-competition against other contractors on the framework agreement. Mini-competitions can be a major drain on resources, especially for SMEs.

These two facets combine to provide substantial overall cost savings to the industry in delivering much-needed improvements to the country's infrastructure.

### Security of supply chain

Customers using frameworks can be reassured that on a multi-supplier framework, if one supplier on a framework runs into difficulty there will remain other suppliers capable of delivering the work.

Customers will also benefit from suppliers, who with greater visibility of work to be delivered through a framework, will have better certainty for investment in training and development of their people and able to invest in more efficient new plant and equipment.

Added to this works can be better planned to avoid peaks and troughs, for example levelling demand through a fabricator's workshop. Works can also be planned to optimise time of delivery, for example avoiding weather-sensitive operations such as painting and waterproofing in winter months.



### Aggregation of demand

Larger volumes of work advertised on a framework are generally more attractive to suppliers than one-off tender opportunities. This provides customers with greater competition and will more likely deliver beneficial outcomes through a greater focus by suppliers on commitments to helping customers achieve their requirements.

### Improved safety and well being

Framework delivery mechanisms often include requirements to deliver continuously improving safety standards over the life of the framework. Notably, they enable sharing of learning from safety incidents and close calls.

Frameworks offer an opportunity to establish a high performing safety culture and create a good environment to review and improve safety behaviours across all parties, including the supply chain.

They also provide the opportunity to enhance the well-being of all involved through regular dialogue, engagement and addressing any areas of concern.

# Key characteristics of poorly-managed frameworks

## Decreased transparency and decreased competition

Framework agreements can often be closed systems. Once a framework is established no new suppliers can be admitted. While competition can be reopened, this can be often onerous.

Poorly managed frameworks are characterised by nil or limited visibility of a pipeline of projects. This hampers potential efficiencies to be gained as contractors are less able to plan properly or invest in resources.

Poor frameworks are often simply used by the authority to derive a select list of contractors available at short notice to bid for ad-hoc opportunities, without the need for a contracting authority to run multiple discrete competitions under the Regulations. This does not deliver long term value for either party.

Furthermore, if several disciplines are required or particular specialisms are called for, smaller SMEs can struggle to get sight of the individual parts where they feel they can add value, unless they are already very visible to the framework contractors already in place.

## Restriction

Once a civil engineering contractor has secured a framework place, they can feel that they are locked into an agreement for the lifetime of a framework. This can sometimes be challenging for managing resources for business planning and long-term company sustainability.

## Management of the framework

Suppliers working on framework agreements are reliant upon how contracting authorities establish and manage them. If the framework is established without the express purpose of delivering successful outcomes for all parties; delivering efficiencies, economies of scale, continual learning and improvement, with measures, to cover cost increases, for example, then they are extremely likely to fail.

## Uncertain volume levels

Frameworks that are established on the back of uncertain volume levels, or without a definitive pipeline of projects, are not likely to be able to deliver any efficiencies, beneficial outcomes or create value. This is particularly challenging if continuous improvement is also expected from the framework.

# CECA Research

## Civil engineering contractors' experience of frameworks over the last five years:

- **71%** frequently reported less than anticipated workloads. **20%** said this was always the case.
- **64%** indicated a regular lack of workload visibility.
- **56%** reported it is common for frameworks to have unnecessary second competitions.
- **54%** said frameworks frequently favoured lowest cost over quality.
- **46%** reported that framework managers often did not communicate effectively.
- **44%** thought that frameworks often did not add value.
- **41%** indicated a regular lack of supply chain engagement.
- **40%** said it was common for frameworks to lack the customer budget to deliver the anticipated work.
- **35%** reported a frequent lack of support for SMEs.
- **33%** said that frameworks were regularly poorly managed.
- **30%** said frameworks were often not transparent.

Civil engineering contractors current experience of frameworks demonstrates that frameworks do not always realise the benefits for which they were established.

Most respondents to our survey demonstrated a less than satisfactory view, highlighting the extent of ineffectual frameworks that prevail across the industry. Members have often taken the view that they should bid for a framework and, once awarded, they will make the most of what it offers.

- One third of survey respondents said that most of the frameworks they are currently on are good for business.
- One fifth of survey respondents reported that most of the frameworks they are currently on are delivering expected value.

# What does good look like?

CECA's research identified the top ten key principles for effective frameworks to guide those procuring and managing them to ensure excellent delivery on the ground.

## Good Frameworks:

1. Have clear funded pipeline visibility with a steady and even workstream
2. Support long term investment in resources and supply chains
3. Drive collaborative culture from all involved with agreed, aligned success criteria
4. Involve contractors early in the project life-cycle
5. Balance the level of risk and reward between customer and supplier
6. Incentivise excellent performance
7. Have a clear assessment criteria and clear objectives
8. Justify initial procurement spend
9. Have clear objectives for delivering successful outcomes
10. Have minimal secondary competitions

# Recommendations

CECA's research has highlighted the challenges civil engineering contractors often face when working on frameworks. While we accept that those procuring infrastructure projects cannot guarantee contractors' commercial success, we believe that greater certainty and clarity could be given to those considering bidding to join a particular framework. This in turn will deliver greater efficiencies and better value, with beneficial outcomes for all parties derived from true collaborative working between customer and contractors across the entire supply chain.

To drive forward the best practice identified above CECA has developed the recommendations below for infrastructure clients. We hope that they will be incorporated into what Government mandates its procuring bodies.

## CECA recommends:

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Frameworks to be based around a clear valued work bank with a commitment to deliver work in the framework.



Once established, frameworks must be used by customers.



Frameworks to deliver a specified minimum value of work for all participants with subsequent work distributed on quality of tender performance and delivery.



The number of companies on a framework should be proportionate and balanced in relation to the framework's value and the number and type of projects available.



Customers should refrain from using multiple frameworks for greater flexibility which comes at the expense of increased uncertainty for the supply chain.



More use should be made of limited requests for tenders from a select number of suppliers, contractors or service providers in order to reduce the time and cost of the selection process.



Framework operators should only consider the use of mini competitions if there is a clear commercial reason for doing so.



Frameworks must recognise SME specialisms and expertise. CECA is planning to undertake a piece of work on the potential of dynamic purchasing. These may be particularly beneficial for SME specialists, as it enables them to work over many sectors and it helps improve visibility of opportunity.



PQOs for frameworks should adopt proposals being developed by industry for a single industry standard approach.

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# About CECA

The Civil Engineering Contractors Association is the representative body for many of the companies who work day-to-day to deliver, upgrade, and maintain the UK's transport and utility networks.

With more than 300 members throughout England, Scotland and Wales, we represent firms who together carry out up to 80 per cent of all civil engineering activity in the UK, in the key sectors of transport, energy, communications, waste and utilities including electricity and water.

Our members include some of the largest construction firms as well as a range of small specialist and regional contractors. Our industry supports the employment of over 200,000 people in the UK with annual activity worth £25 billion.

## About the CECA Procurement Group

The CECA Procurement Group brings together CECA members with an interest in driving forward improvements to the procurement process, which in the UK is now the most expensive and one of the lengthiest in Europe. The group's role is to identify and suggest improvements to the way that procurement is practised across the entire construction sector, benefitting both CECA members, as well as clients and the wider public.