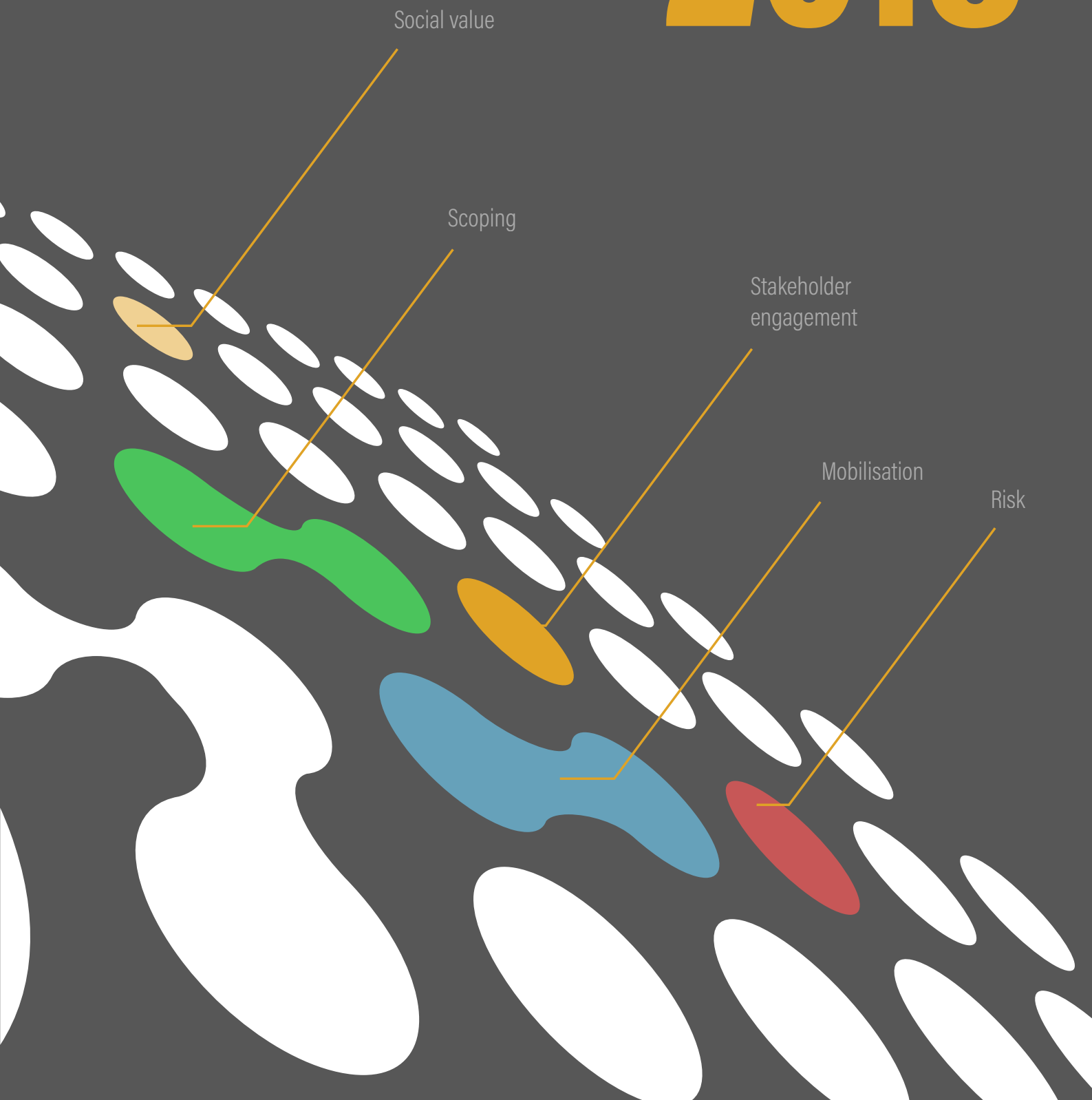


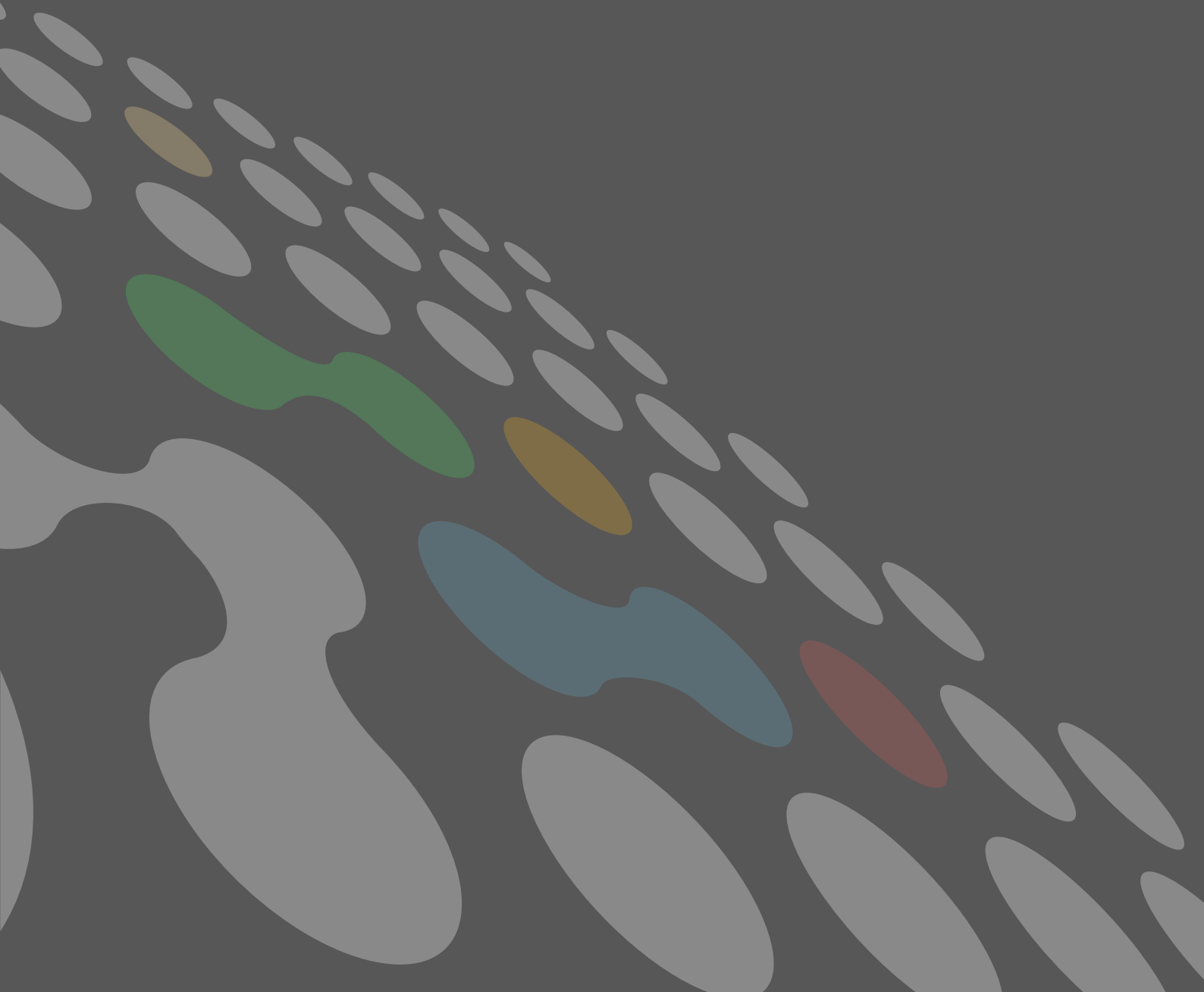
Procurement Best Practice Guide and Toolkit

2018



“The procurement process kick-starts the behaviours that we then see throughout design, construction, occupation and maintenance”

Building a Safer Future: Independent Review of Building Regulations and Fire Safety - Dame Judith Hackitt



"Welcome to the 2018 Procurement Best Practice Guide and Toolkit, which has been put together with the input of members of the AMIP (Asset Management Improvement Partnership) and CAMIP (Contractors Asset Management Improvement Partnership) clubs in partnership with echelon Consultancy.

"Getting the procurement process right is essential to successful working relationships between clients and contractors and to the timely delivery and smooth running of contracts.

"The aim of this toolkit is to help organisations through the process, offering support on the key stages and advice on dealing with issues that may arise.

"We hope that you find this document informative and useful in guiding you successfully through the procurement process to achieve positive outcomes for your organisation."

Dean Wincott, managing director of Langley Waterproofing Systems and chair of the CAMIP Steering Group

"We know that some of the biggest challenges for providers at the moment have emerged in recent years from various cuts to funding and resources. This has pushed the whole sector to try and think more commercially, striving for better value for money from their procurement processes. However, given events in the last 18 months, it is vital that we as housing professionals understand the impact of these decisions.

"At the CIH we always encourage housing professionals to come together and share best practice to overcome challenges and this toolkit can provide some helpful support."

Rebecca Clarke, regional manager (East, South East & London), Chartered Institute of Housing

"With the spotlight now firmly fixed on the social housing sector, the need for robust procurement practices has never been greater. This toolkit provides a really useful guide for local authorities and registered providers about to embark on a public procurement process, and for contractors about to participate in one."

Kris Kelliher, partner, Devonshires

"The Procurement Best Practice Guide and Toolkit 2018, which builds on the 2015 edition, brings together the vast experience of echelon Consultancy with that of members of our AMIP (Asset Management Improvement Partnership) and CAMIP (Contractors Asset Management Improvement Partnership) clubs.

"Getting procurement wrong can be costly in many ways but this document can support you to successfully navigate the process, taking you through it step by step. It offers practical support, highlighting examples of best practice within the sector, and providing guidance to avoid the common pitfalls.

"The guide is borne out of a desire by AMIP/CAMIP members to drive forward improvements within the procurement process to achieve better results for the sector as a whole and we hope that you find it helpful."

Mathew Baxter, managing director, echelon Consultancy

Getting procurement wrong can be costly in many ways, not to mention frustrating for clients and contractors alike but laying the groundwork before you start the process can ensure that you deliver in terms of time, money and quality.

This revised best practice guide and toolkit builds on the 2015 edition to steer clients through the procurement process and support them to find the right companies for their organisation.

It aims to help you to successfully procure contracts and to understand what contractors are looking for, as well as encouraging you to focus on what you want to get out of the procurement process.

It has been put together by AMIP (Asset Management Improvement Partnership), a quarterly club for sharing best practice among social landlords and CAMIP (Contractors Asset Management Improvement Partnership), the contractors' equivalent, in partnership with echelon Consultancy, and was kickstarted with a meeting of the CAMIP Steering Group to discuss the issues faced by tendering organisations.

This practical guide is borne out of their experiences within the sector and the frustrations that they have faced during the procurement process. It offers advice and support to help clients to overcome problems and to achieve positive outcomes when procuring contracts.

The AMIP Club currently represents 400,000 units while CAMIP's membership includes most of the key repairs and maintenance providers and covers the majority of the UK's housing stock. There is a full list of members of each on page 38)

To ensure that the views of CAMIP are balanced and representative of its members, the CAMIP Steering Group comprises small, medium and large contractors. Its members are Chris Cheshire, director at Laker UK, Peter Sharman, associate director for sustainability at Mulalley, Dean Wincott, managing director of Langley Waterproofing Systems, Rachel Smith, business development manager at United Living and AJ Eaton, divisional director at Mi-Space (UK) Ltd.



Thinking about procurement?



Before you even begin the procurement process you need to engage with the market and talk to your peers.

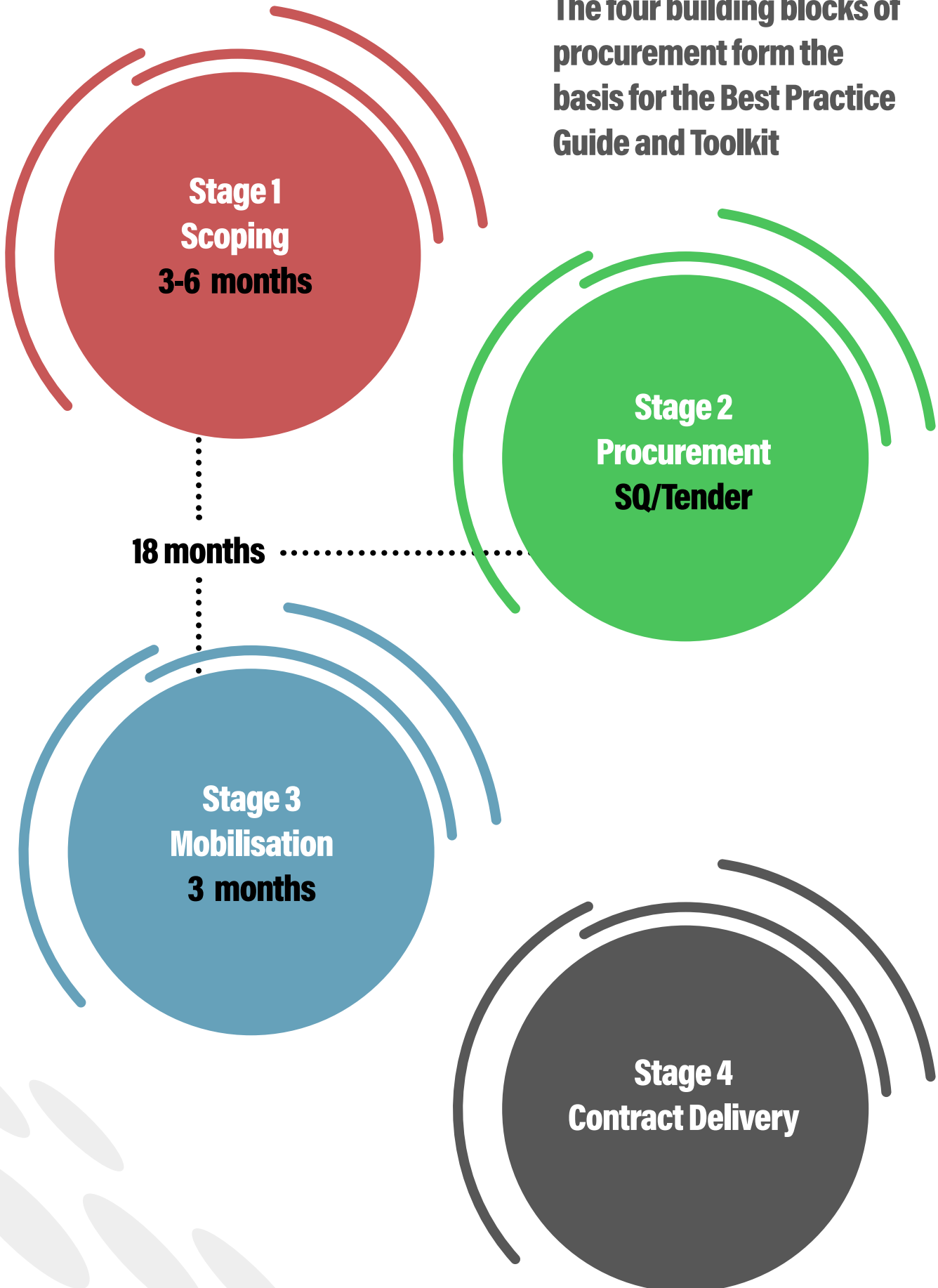
You should be asking the following questions:

- When do your contracts end and can you extend them?
- What are the strengths and weaknesses of the current service?
- What are your key drivers? What are your objectives?
- Do you have a procurement strategy in place? How does it fit with your other strategies?
- How long should the contract be?
- What type of contract should you have?
- What is the scope of work?
- Have you got the internal resources to deliver this?
- What timetable are you working to? What are your key milestones?

The following pages will take you through the procurement process step by step, offering a best practice guide, put together with input from AMIP (Asset Management Improvement Partnership), a quarterly club for sharing best practice among social landlords and CAMIP (Contractors Asset Management Improvement Partnership), the contractors' equivalent.

It aims to outline how contractors and clients alike can ensure optimum outcomes when securing new contracts.

The four building blocks of procurement form the basis for the Best Practice Guide and Toolkit



This toolkit is built around the four “building blocks” of a successful end-to-end procurement process – scoping, procurement, mobilisation and contract delivery.

Ideally a minimum of 18 months should be allowed to ensure sufficient time to undertake the tasks required to achieve robust and effective procurement, from the initial scoping of the service (which ideally should be 3-6 months) through to mobilisation.

The timeline is important as the market will inevitably change from when bids are submitted to projects going live.

Scoping

The importance of the scoping phase cannot be underestimated, it is the foundation that runs through the process and starting it in plenty of time is key. Contracts can take up to 18 months to procure and rushing the process can lead to problems further down the line.

Before the procurement process starts landlords need to understand how their services are currently being delivered and to identify where processes could be improved.

This includes looking at:

- Current best practice within the sector
- Soft market testing i.e. talking to contractors to test the appetite for a particular model
- Strengths and weaknesses of the current service
- Improvements – aspirations for how the service can be improved
- Barriers to change – are there any specific risks to the process and how can they be mitigated?

The selection process is geared towards understanding the type of services you require and the type of contractor that you want to work with and what you want to get out of the procurement process.

Engaging with all stakeholders is key to ensuring that their aspirations are taken into account and where possible factored into the process. Soft market testing should always include the incumbent service provider and the supply chain as their feedback can be invaluable.

A clear data set is important, as is understanding your data, as it will form part of how you design your scope of works and flawed data can lead to delays and problems once the contract is mobilised.

You must also have clear objectives and being prescriptive about what you need will ensure that you attract appropriate contractors.

Procurement

There is a choice of procurement procedures available and contracting authorities must have a clear rationale for their selection.

Appointing a project manager will help the procurement process to run more smoothly, as will having a core group of people involved from start to finish. Everyone involved in the process including staff and residents should be appropriately trained to ensure that they understand what is being procured and can provide consistency in their approach.

A clear timetable must also be put in place leaving around three months for mobilisation.

Be realistic – both the client and contractor have a responsibility to ensure that the offer at tender stage is realistic, robust, deliverable and sustainable.

Any client procuring a service should have a relatively accurate expectation of the realistic price they should expect to pay if they have scoped it thoroughly. There is nothing to stop the client stating what their expected ranges of price are in the tender documents and the EU Procurement Regulations 2015 make adequate provision for this methodology.

Getting the quality/cost ratio right is essential. Contracts which focus more on cost than quality drive the wrong behaviours in the tender process, drive prices down, don't consider the sustainability of the contract and lead to a decline in the quality of services. A race to the bottom on price, often results in tender prices that are unsustainably low and leads to problems at contract delivery stage.

CAMIP's membership prefer a ratio of 60% quality and 40% cost and are committed to at least 50% quality and 50% cost.

Anything with a 50% or higher ratio against cost tends to attract strategic pricing. Clients have a duty to behave responsibly and accepting bids below what is known to be realistic is not in the interests of anyone. A price that is 20% below that of the next lowest bidder should come under scrutiny.

A contract that is making a profit will pay dividends for all parties, but commercially unviable bids can cripple the supply chain and lead to a claims culture where contractors will push for extras in order to make money on the contract.

Contractors prefer long-term agreements of a minimum of five years which allow both parties to invest the right level of time and commitment, ultimately delivering a better service for customers and allowing stronger working relationships to develop. They also ensure financial stability for contractors and are therefore much more attractive to the market.

Co-location is essential for a long-term integrated asset management service, creating a collaborative environment and fostering closer working relationships and increased trust between contractors and clients.

Poor documents and processes lead to poor outcomes and low-quality bids so having a good set of documents is key to success and will ensure that you only attract companies that are culturally aligned with the client and are a good fit for the contract.

Vague specifications and broad pricing stop collaboration and can lead to escalating costs, delays in programmes, delays in delivery and disputes, so make sure that you are clear from the beginning about your requirements.

Mobilisation

Good mobilisation is the foundation stone to the new contract and should be treated with the utmost importance.

Thought needs to be given to how the mobilisation will be structured, covering areas such as IT, HR and communications, social value, operational delivery and commercial.

Failure to get this right will set the scene going forward and you should ensure that appropriate resources have been allocated to mobilisation and someone has been appointed to lead the process.

Communication is key, and details of the contract need to be conveyed to all of those who will be involved in running it.

Using this guide

The following pages detail the key considerations for contracting authorities who are undertaking procurement exercises and our members believe that following the advice outlined within this practical guide will deliver optimum outcomes for clients, contractors and the sector as a whole.



Scoping/stakeholder engagement

Visibility of contracts and timeline

Do you know when your current contracts expire?

You should have a contract register where you can easily access copies of all contracts

If time is tight do you have the option to extend the contract and if so by how long?

If you have a big contract that is due to expire you should also be looking at what else is due to expire around the same timeframe

If you are in a situation where your current contract is spiralling out of control you probably wouldn't want to extend it but you can still only act according to the terms of the contract, so your options may be limited

How much time do you have to procure new contracts?

What is your timeframe? Single trade external contracts can be procured in six months to a year but for an integrated whole house management contract you need at least 18 months

As a starting point look at the timeframe and then the complexity of the contract. The earlier you can sit down and map the whole thing out and post-date it the more likely you are to hit the deadline for mobilisation

Do you have a procurement strategy?

If you haven't got a procurement strategy you need to map out what you have got, understand what contracts you have, when they end and what the potential tensions are and then you can start to put a procurement strategy together

You must consider how it fits with your organisation's strategy and what it is that you want to achieve

What are the benefits of extending them?

Have you already extended them?

Good practice

During an options appraisal undertaken for Basildon Council it was noted that the vast majority of their asset management contracts were expiring within 18 months of each other and as such a decision was made to consider packaging these works under one contract with a standard start date.



Bad practice

A housing provider wanted to extend a contract by six months but the contractual terms only allowed for an extension of a year. Always double check the terms of contracts and be aware of any potential impact on the way in which services are delivered.



Understanding and managing data

Do you fully understand your data?

Understanding your data is important as it will form part of how you design your scope of works



A flawed data set can lead to delays and problems once the contract is mobilised



Early identification of incomplete or flawed data will allow you to rectify issues well in advance of the mobilisation stage

Have you got a clean data set?

Have you carried out sample surveys to see what work has already been completed?

Do you have an up-to-date stock and land database?

One of the biggest problems that contractors come across is tenders which don't match the stock

Do you have a budget with clear details of outgoings?

⋮
Inaccurate budgets/costings can cause issues at the pricing stage and lead to over evaluation of costs

⋮
Clients must ensure that contracts are attractive to contractors as they will not bid for contracts where the figures don't add up

Do you have data on the current performance of a contract?

Have you carried out a 360-degree review and gained feedback from existing contractors?

Have you carried out internal consultation?



Do you know what has worked well and what hasn't on an existing contract?



Does the contractor hold data that hasn't been shared with you?

Good practice

Croydon Council identified that year three of their programme had a big spend externally and years one and two on internals so they focused on bedding in the service and at the same undertaking detailed pre-survey work.



Bad practice

A clear budget and good financial data is essential to securing a contractor which is a good fit for the contract. For example, a five-year-plus-five contract allocated on a yearly basis, where the spend is between £3 million and £10 million a year and will vary year on year gives no certainty to contractors and is therefore unattractive to them. SMEs won't bid for a contract that could potentially be too big for them and larger contractors will avoid a contract that could be too small.



Testing the market



Have you read the procurement regulations?

Do you understand them?



Do you understand the risk of non-compliance?



Do you understand how your services are currently being delivered?

Have you looked at best practice within the sector?

Have you looked at the strengths and weaknesses of the current service?



Should you do a soft market test?

Yes. Soft market testing is actively encouraged under the new regulations



Talk to contractors to test the appetite for a particular model



Soft market testing should always include the incumbent service provider and the supply chain as their feedback can be invaluable



This is an opportunity for clients to genuinely engage with contractors about the best way to set up a contract rather than simply telling contractors what they intend to do

Case studies

A local authority had a default position for cost/quality of 80%/20%. Through structured market engagement and consultation, the position has now moved to 50%/50%. This wouldn't have happened without obtaining the views of the market.

A housing provider was undecided on which form of procurement to use at scoping stage and used market engagement to gauge suppliers' views on each procurement option which enabled the selection of competitive dialogue (CD) as their preferred procurement model.



An example key data scoping sheet

(CLIENT)

KEY DATA SCOPING SHEET

This sheet aims to record key information regarding the procurement of the new Contract

Contracting Authority	
Client Contact	
Client Procurement Team	
Main Workstreams	Repairs <input type="checkbox"/> Voids <input type="checkbox"/> Planned <input type="checkbox"/> Cyclical <input type="checkbox"/> Gas <input type="checkbox"/> Grounds Maintenance <input type="checkbox"/> Cleaning <input type="checkbox"/> Other:
Incumbents	
TUPE	Yes <input type="checkbox"/> No <input type="checkbox"/>
Legal Advisors	
Form of Contract	TPC <input type="checkbox"/> PPC <input type="checkbox"/> JCT <input type="checkbox"/> Other:
Contract Start date	
Length of contract	
Budget (actuals for 18/19 inc of VAT)	Repairs: Voids Planned Cyclical Fire alarm Lifts, ward Water hyg Gas Grounds

	Cleaning
	Window cleaning
Cost v Quality ratio	Cost: Quality:
Visits / Interviews	Visits <input type="checkbox"/> Interviews <input type="checkbox"/>
Procurement Method	Open <input type="checkbox"/> Restricted <input type="checkbox"/> CD <input type="checkbox"/> CPN <input type="checkbox"/>
Commercial Model	
Document Sharing Protocols	
S20 Leasehold Letters	Yes <input type="checkbox"/> No <input type="checkbox"/>
Insurance Levels	Employer's (Compulsory) Liability Insurance £ Public Liability Insurance £ Professional Indemnity Insurance £ Product Liability Insurance £ Contractors All Risk £
Turnover Threshold	£

Client Print Name	
Client Signature	

What are your objectives?

Ensure that you have clear objectives

What are your key drivers? List your high-level objectives and link them back to your corporate objectives



If you are not clear about your objectives from the beginning, you run the risk of appointing a contractor which is not a good fit for the job

Supply full details of what the contract will entail from the beginning

Contractors can't provide an accurate bid if they don't have all of the necessary information or if the technical spec changes



Make sure that you align expectations

Your objectives must be reasonable

Timeframes need to be manageable and you must put in place reasonable tender process times



The whole process from scoping to mobilisation should take around 18 months with three to six months for scoping and at least three months for mobilisation

Good practice

United Welsh undertook several stakeholder workshops with both staff and tenants to identify the key objectives for a new contract. These outcomes were then used as the key drivers for the model that was developed.

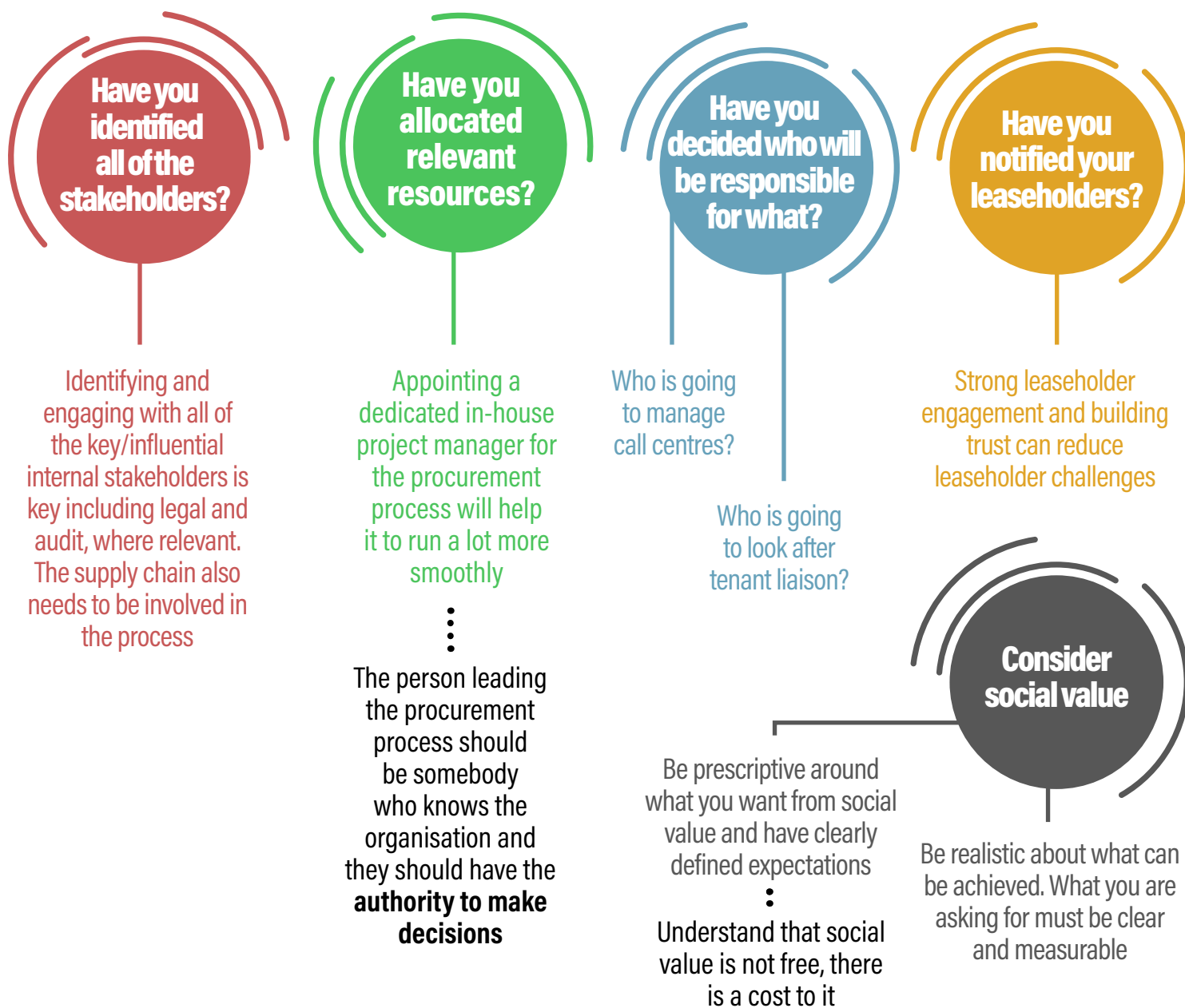


Bad practice

An organisation put out a tender for fitting sprinklers to tower blocks and then two weeks before the deadline sent out additional technical information requesting that the installation of fire alarms was added to the quote, without supplying any information about the type of alarm or its location. This made it almost impossible for contractors to supply a realistic quote.



Identifying stakeholders



Case studies

As part of Teign Housing's scoping they identified the need to capture the views of a wide demographic of stakeholders, so as well as undertaking workshops with identified resident representatives they also undertook extensive phone surveys with tenants selected at random from different demographic groups to ensure a rounded view of the service was captured.





Procurement

Types of procurement

In this section we look at the different types of procurement available.

Procurement frameworks

A procurement framework is an agreement put in place with a provider or range of providers that enables buyers to place orders for services without running lengthy full tendering exercises.

Frameworks are based on large volume buying. Aggregating different buyers' potential needs means individual buyers can source services at lower prices, or with special added benefits and/or more advantageous conditions.

Procurement framework agreements are OJEU compliant, removing the need to independently undertake a full European Union (OJEU) procurement process, as this has already been done as part of setting up the framework.

Agreed terms and conditions are provided so you can simply 'call-off' the framework to meet your own local requirements.

Choosing the right procurement route

Regulation 18 states that contracting authorities should treat economic operators equally and without discrimination and should act in a transparent and proportionate manner. The procurement process must not be designed in such a way as to intentionally favour or disadvantage certain economic operators.

There is a choice of procedures available and contracting authorities must have a clear rationale for their selection.

The default position should be open or restricted. Competitive dialogue (CD) and competitive procedure with negotiation (CPN) should only be used where:

- Needs are not met without adapting readily available solutions
- Design or innovative solutions are included
- Negotiation is needed due to legal/financial situations and risks
- Technical specifications can't be developed with reference to existing common specification

Open

Using an open procedure means that the invitation to tender must be sent to all suppliers that express an interest in response to the contract notice. This procedure is suitable for simple procurements where the requirement is straightforward.

It is most commonly used for the purchase of goods where the requirement can be clearly defined and the buyer is seeking the least expensive supplier.

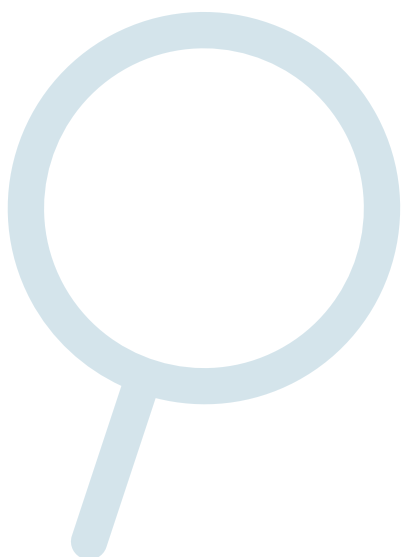
As there is no “pre-qualification” of bidders, anyone can submit a tender and it is possible that a large number of suppliers will bid.

Restricted

The restricted procedure is a two-stage process that limits the request for tenders to a select number of suppliers, contractors or service providers. This process allows clients to draw up a shortlist of interested parties by undertaking a pre-qualification stage where suppliers are considered based on their technical or professional capability and financial standing, prior to the issue of Invitation to Tender documents.

This is most appropriate when many suppliers exist within a market and it is not feasible to issue an Invitation to Tender to each.

Clients should be able to specify their entire requirement at the first stage. Based on your Invitation to Tender, bidders will be able to deliver a fully priced bid without the need for any negotiations following receipt of the bid.



Competitive dialogue

Competitive dialogue (CD) should be used for complex contracts. It allows for negotiation with a number of contractors and more scrutiny of bidders.

When using CD you must allocate sufficient resources in terms of staff and financing, as the process can be time consuming and costly.

The process is as follows:

- Market engagement process
- Selection Questionnaire stage – with Bidders Day
- Issue of invitation to submit detailed solutions – usually to six participants
- Evaluation of invitation to submit detailed solutions – shortlist to usually three participants
- Dialogue stage – focused dialogue with participant/client team. Choose from either two-hour sessions on a theme such as IT or whole day sessions on all aspects
- Review of dialogue
- Issue of invitation to submit final tender highlighting all changes
- Evaluation of invitation to submit final tender and award contract

Key points

Regulation 30 (8) – (a) Contracting authorities shall open, with the participants selected in accordance with the relevant provisions of regulations 56 to 66, a dialogue the aim of which shall be to identify and define the means best suited to satisfying their needs, and (b) may discuss all aspects of the procurement with the chosen participants during this dialogue.

Regulation 30 (10) contracting authorities shall not reveal to the other participants solutions proposed or other confidential information communicated by a candidate or tenderer participating in the dialogue without its agreement.

Regulation 30 (12) Competitive dialogues may take place in successive stages in order to reduce the number of solutions to be discussed during the dialogue stage by applying the award criteria laid down in the contract notice or in the descriptive document.

Example

Basildon Council was originally going to use the restricted process to procure a 15-year strategic asset management contract but following the scoping process it decided to use CD.

The use of CD instead of restricted added three weeks to the overall programme and the council held six two-hour sessions around themes including IT, operational delivery, social value, contracts and customer engagement.

Through the use of CD, an enhanced social value model, including a social enterprise, has been delivered with direct savings of £2m per year – £180,000 of which was through a single contractor – and the total procurement costs have been recovered within six months.

Innovations of the contract include the use of echelon's price per property model and 4* gas model, as well as phased delivery and compete co-location.

Competitive procedure with negotiation (CPN)

Competitive procedure with negotiation (CPN) is designed for use on complex projects and allows the opportunity for negotiation. It is very similar to competitive dialogue (CD), the primary difference being the ability to award at the invitation to submit initial tender stage without the requirement for negotiation.

As with CD, CPN can be time consuming and costly and allocating sufficient resources for the process, in terms of staff and financing, is essential. The process is as follows:

- Market engagement process
- Selection Questionnaire stage – with Bidders Day
- Issue invitation to submit initial tender – The starting basis for direct award is usually six participants
- Evaluate the invitation to submit initial tender and either award at this stage without negotiation or draw up a shortlist of a minimum of three tenderers (you can de-select at each stage)
- Negotiation stages – You can have multiple stages of negotiation and if you are de-selecting there needs to be some form of evaluation. You can choose from two-hour theme sessions on IT, for example or whole day sessions on all aspects
- Review negotiation documents
- Prepare and issue an invitation to submit final tender highlighting all changes
- Evaluate invitations to submit final tender and award contract

Key points

Regulation 29 (15) – Contracting authorities may award contracts on the basis of the initial tenders without negotiation where they have indicated, in the contract notice or in the invitation to confirm interest, that they reserve the possibility of doing so.

Regulation 29 (16) - Competitive procedures with negotiation may take place in successive stages in order to reduce the number of tenders to be negotiated by applying the award criteria specified in the contract notice, in the invitation to confirm interest or in another procurement document.

Regulation 29 (19) – Must state the above in notice to be able to undertake.

Example

While East Devon District Council didn't award the contract after the initial submission, it only needed one stage of negotiation before reaching a point where it was happy to issue the final tender.

Top tips for using CD/CPN

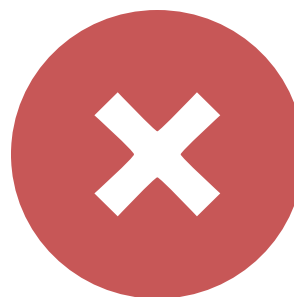
Do

- Use market engagement to drive decisions
- Talk to others who have used the process
- Make it clear whether it's CD/CPN
- Ensure project requires use of CD/CPN
- Allow adequate time in timetable (assume negotiation stages)
- Allocate a note-taker
- Ensure all participants (client and contractor) are acquainted with the process
- Prepare properly – focus on key areas
- Get under the skin of the contractor (and vice versa)



Don't

- Select CPN without defining direct award criteria
- Treat as an interview
- Share confidential information between participants
- Score the dialogue/negotiation stage – it should NOT be scored



Costing a contract and dealing with abnormally low bids

Getting the cost/quality ratio right is essential as contracts which focus more on cost than quality drive the wrong behaviours in the tender process, drive prices down, don't consider the sustainability of the contract and lead to a decline in the quality of services. A race to the bottom on price, often results in tender prices that are unsustainably low and leads to problems at contract delivery stage.

So what is the ideal cost/quality ratio?

CAMIP's membership prefer a ratio of 60% quality and 40% cost and are committed to at least 50% quality and 50% cost.

Anything with a 50% or higher ratio against cost tends to attract strategic pricing. Clients have a duty to behave responsibly and accepting bids below what is known to be realistic is not in the interests of anyone.

A price that is 20% below that of the next lowest bidder should be classed as an abnormally low bid and should come under scrutiny.

A clause should be written into the tender documents to highlight the fact that such bids will be withdrawn.

Abnormally low bids are commercially unviable, can cripple the supply chain and lead to a claims culture where contractors will push for extras in order to make money on the contract.

What other considerations should you make?

Consideration should be given, not just to what the ratio is going to be, but how you then evaluate within that ratio. So, it isn't as simple as just saying we will go for 60%/40% or 50%/50%, you need to look at how you are evaluating within that and what you need to think about on the qualitative side.

Soft market testing is also important, and you should have an idea of what you expect to pay for a service. However, your expectations need to be reasonable. For example, if your existing contract is underperforming, for commercial reasons, due to an abnormally low bid or unrealistic price, you can't expect to procure a new contract at the same price.

Contracts



TPC 2005 (2008) – Term Partnering Contract

NHMF (for repairs contracts)



Different contract types use different language and terms so you need to ensure that the terms of reference in all documents are consistent



Will you use break clauses?

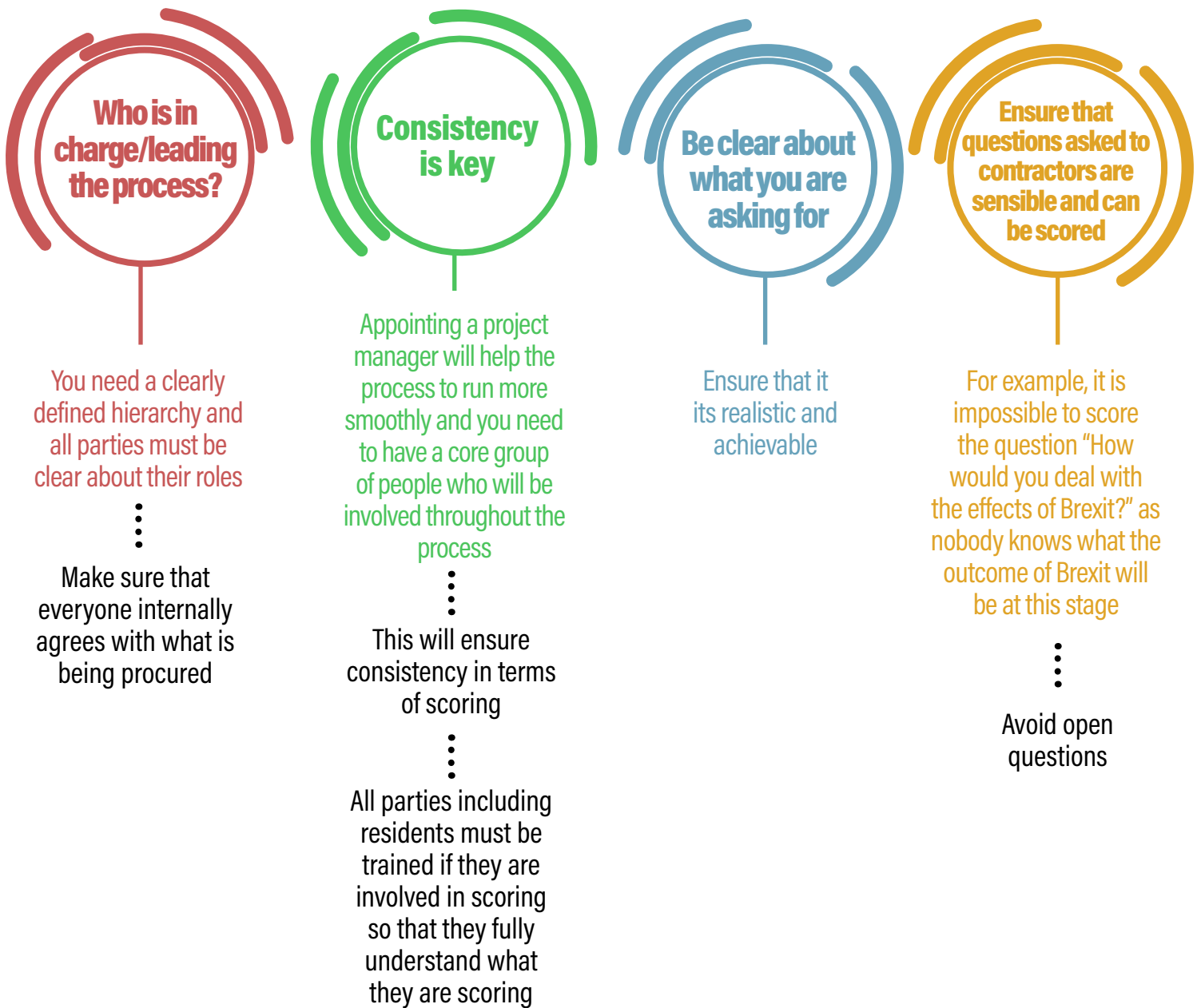
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What they will look like?

What will the implications be if either side ends the contract early?



Managing the procurement process



Case studies

East Devon District Council seconded an existing employee from within its team to act as a dedicated project manager with autonomy for its procurement process, the benefit being that there was a single point of contact for all stakeholders.

Where there is no defined project management structure, deadlines tend to get missed.



Timetables

Put a reasonable timetable in place and stick to it

Work backwards from when you need the contract to go live and leave at least three months for mobilisation



Set key milestones

Make the process meaningful

Lengthy and overly elongated processes are costly and a drain on both bidders' and clients' resources

Allocate realistic timeframes to each stage

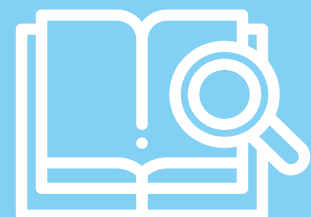
This will ensure that the offer at tender stage is realistic, robust, deliverable and sustainable



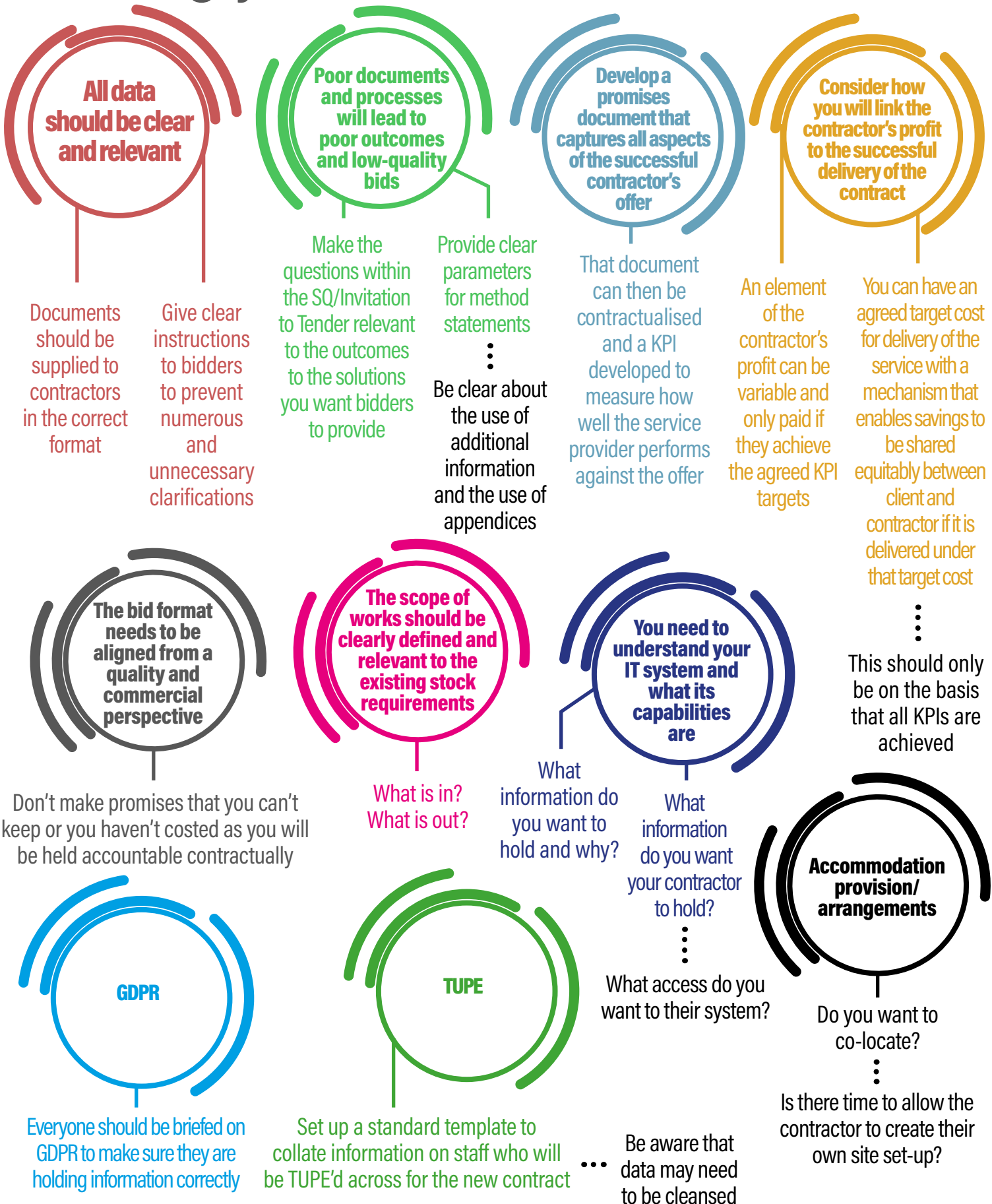
Unrealistic tender periods will affect the quality of the bids you get back and determine whether or not the market decides to bid

Case studies

Lambeth Council had a comprehensive contracts' register in place with details of all existing contracts, their expiry dates and details of where contracts could be extended and worked backwards from its contract expiry dates to allow plenty of time for the procurement process.



Getting your documents in order



Managing risk

When embarking on the procurement process you need to build a risk map as you go. This should run as a thread through the whole process so you end up with an ultimate risk map which feeds into the contract.

Risk should be shared sensibly between the client and contractor and should be identified and priced in at the earliest possible stage, to ensure consistency.

If too much risk is allocated to the contractor issues could occur including unsatisfactory bids.

Risks around procurement

There should be a risk process management within your strategy which focuses on the risk specifically around procurement. It should look at potential issues such as:

- What happens when you get an OJEU challenge?
- What happens when you get a leasehold challenge?
- What happens if nobody bids?
- What happens if you receive an abnormally low bid?
- What happens if an extension of time is submitted by most tenderers and how would this affect the programme?

Contract risk register

A contract risk register should be drawn up outlining potential risks that could affect the contract and a good contract risk register will already have a lot of mitigations in place to improve the procurement process as these will have been drawn out earlier in the process, particularly where negotiating forms of procurement have been used.

The wording of contracts is exceptionally important and flexibility should be built in to allow you adapt to changing conditions.

The contract risk register should look at;

- Should you include break clauses within the contract as protection should the contractor not perform?
- Do you have a reserve contractor and therefore include an option for the reserve contractor to step in?

Future proofing

How does your organisation deal with financial uncertainty?

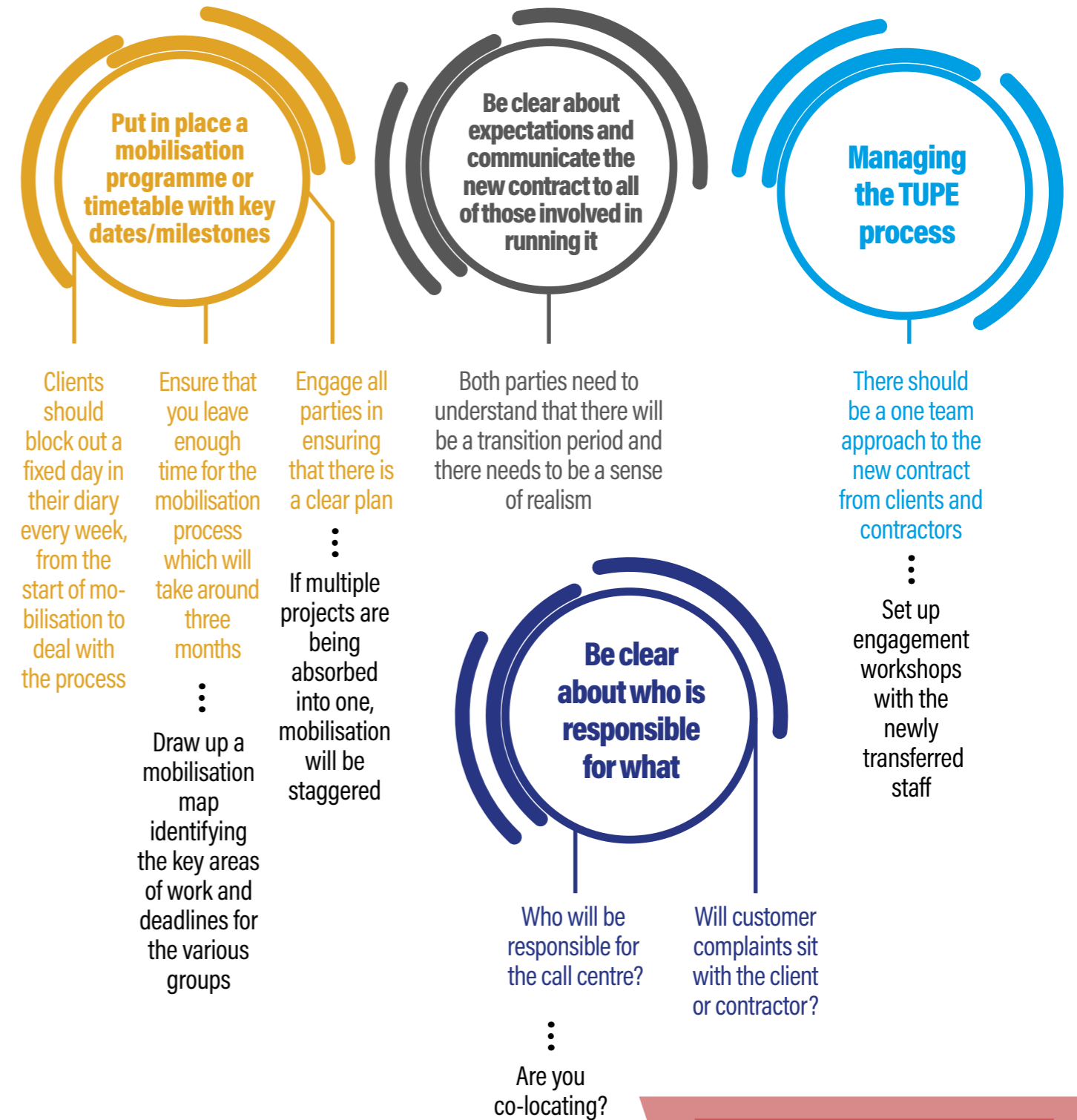
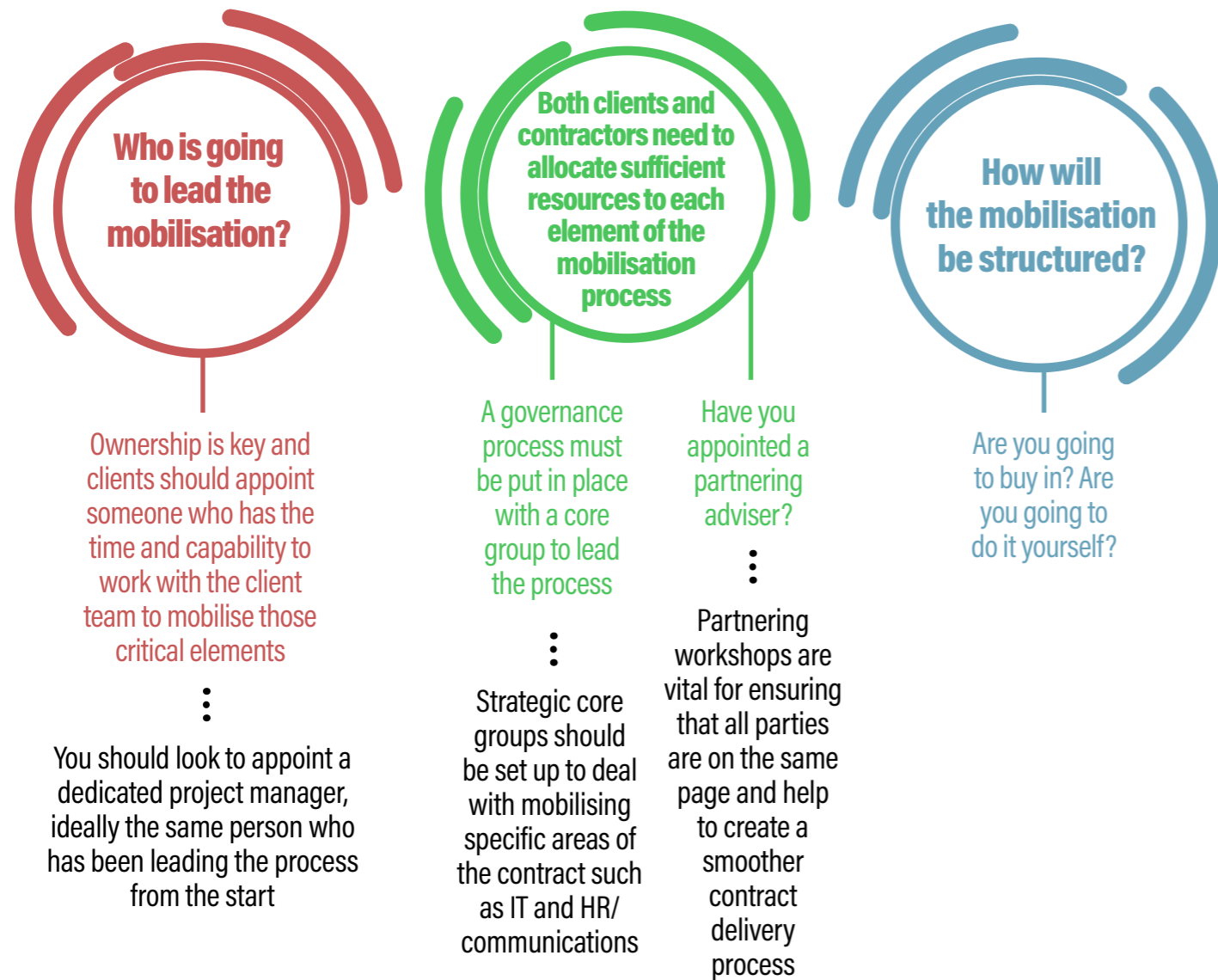
Consideration needs to be given to inflation and what happens in the case of rising material costs. Whatever the length of the contract you need to have indexation built in to cover significant changes in supply costs.

- How can you track changes in commodity costs, increasing and decreasing?
- What protection is in place should your preferred indices not be suitable for certain increases in costs?

An abstract graphic design on a solid red background. The word "Mobilisation" is centered in a bold, white, sans-serif font. To the left of the text, a blue circle is partially visible, with two dark blue lines extending from its right edge towards a green circle above and a white circle below. To the right of the text, a large, light pink circle is partially visible, with a dark red line extending from its top edge towards the top right corner. In the top left corner, another light pink circle is partially visible, with a dark red line extending from its bottom edge towards the center. In the top right corner, a grey circle is partially visible, with a dark red line extending from its bottom edge towards the center.

Mobilisation

Getting the contract off the ground



Case studies

The following housing providers have all co-located with their new contracts - United Welsh, Basildon Council, Teign Housing, Riverside Housing.

Longhurst Group rationalised its delivery model so that a service that was delivered by a number of contractors is now delivered by a single contractor. Benefits include integration of IT systems, reduced overheads and a standardised approach.



Bad practice

A local authority encountered endless problems with a contract after it allocated just weeks, rather than the recommended three months for the mobilisation process.



IT

This is the first chance to live test your system

Ensure that everyone who will be using the system is properly trained

Make sure that all appropriate parties have access to the system

Consider GDPR

Everybody should be briefed on GDPR to make sure that they are correctly holding information

How will you switch over to a new IT system?

Will you do a 'big bang' all in one go?

Will you gradually migrate information across to the new system?

Have a 'Plan B' in place

For example, what do you do if you get months down the line and the interface still doesn't work?

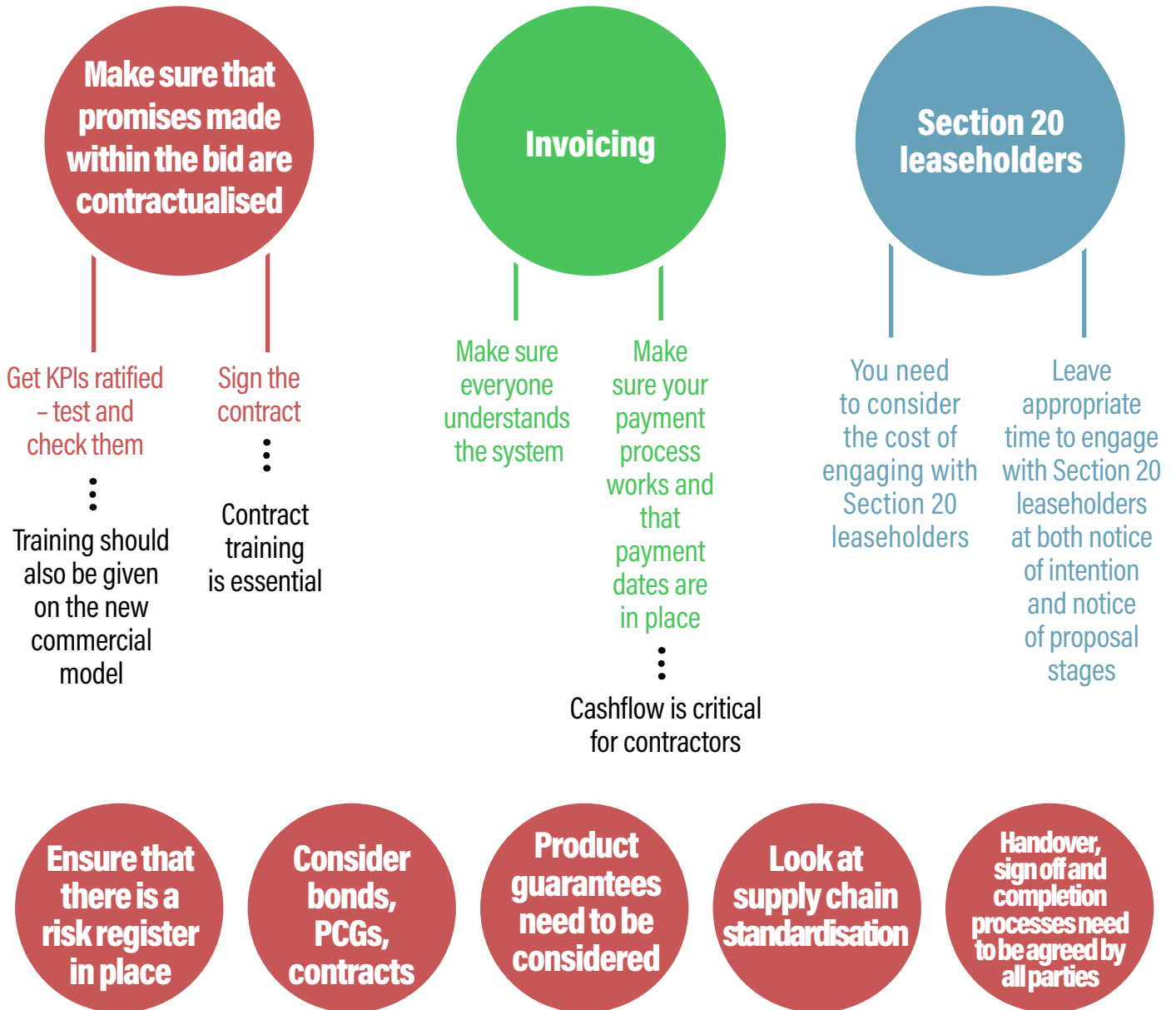


Case studies

As part of the managed service model developed at Wandle Housing, the client's DLO used the contractor's IT system, rather than developing its own. As well as saving money, the system is tried and tested and gives a relatively small organisation the back up of a big, national provider.



Commercial



Case studies

Thames Valley Housing operates an open book Price Per Property model that is audited every year and has driven improvements year on year.



HR and communications

Resident liaison

How will you engage with tenants?

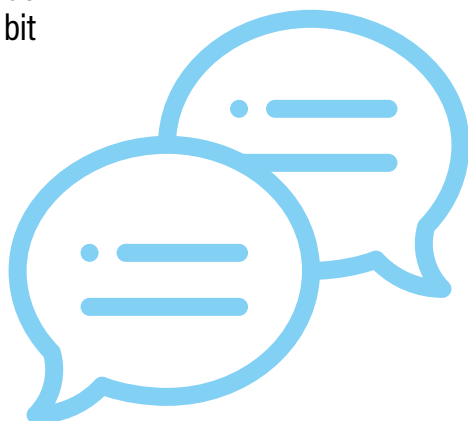


Does responsibility for monitoring and managing resident satisfaction sit with the client or contractor or a bit of both?

Communications

Put together a communications plan and decide on the platforms that will be used – letter, social media etc

Agree the way in which you are going to communicate with residents



Agree your disaster recovery approach

Customer complaints

How will the complaints procedure work?

Where will the complaints procedure sit? Will it be with the client or contractor?

How is TUPE going to be integrated at an operational level?

Do you have a risk pot and how will it be used?



Has inaccurate information been provided?



Will you need to make staff redundant?



Have employees got specific terms and conditions that you were unaware of?

Case studies

Riverside Housing fully engaged with residents at every stage of the process when setting up a wholly-owned subsidiary to provide maintenance and repairs services in the south and central region. Residents received full training and were involved in all key stages of the competitive dialogue process, including evaluations of the final tender. As a result, the final service fully meets the needs of Riverside residents.



Social value

Draw up a timetable for achieving social value

Introduce the contractor to the organisations involved in the social value aspect of the contract

How will social value be measured?

This is an opportunity for the contractor to engage with the charities/youth centres etc that they plan on assisting/working with in the future

Which procurement measuring tools will you use?

Who will measure what?

Apprenticeships

Supporting local social enterprises

Site visits for school children

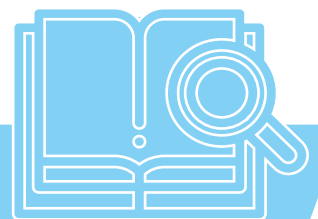
Providing mentoring and careers advice for local youngsters

Engaging with local schools and colleges

Supporting residents who are out of work in areas such as CV training

Work experience/training for residents

What kind of services/ programmes should you be considering as part of your social value offer?



Case studies

As part of a 15-year strategic asset management services contract with Basildon Council, Morgan Sindall was required to support increased employment in identified priority districts. Social enterprise BasWorx was set up to deliver training, apprenticeship and employment opportunities for Basildon residents through the delivery of a painting and decorating service. There has been three cohorts of apprentices ranging in age from 16 to 54 and the team have completed cyclical and planned decorating work. BasWorx has also given long-term work experience placements to residents, as well as hosting job clubs, attending careers fairs and participating in mock interviews and careers events at local schools.

Operational delivery

Is stock data up to date?

Do you have a list of properties where there have been new elements/components installed?

Do you know where repairs are needed?

Is there any overlap with existing contracts?

Do you have a pre-start programme with additional resources to tidy up any backlog from previous contractors before you start?

How does that work?

What does that look like?

What time of year is the contract going live and will this have any impact?

Assess any potential additional resources and requirements



For example, a gas servicing and breakdown contract will come under more pressure in the winter

Put in place pilot programmes

This is the stage where you will assess quality of service and look at benchmarking

Livery and branding

Will you have dual branding?

Look at fleet and vehicles

Consider health and safety

Put in place a survey and construction programme

Set up a risk register

Set up material supply/supply chain

Case studies

When starting to procure a new contract Brentwood Borough Council realised that there were gaps in its data so asked contractors to assist in undertaking detailed surveys and options appraisals of properties during the first year.



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