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# Procurement Preparation Planning for Procurement Success

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■ PASSION FOR... ■ PEOPLE ■ PERFORMANCE ■ PROCUREMENT ■ PARTNERING



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## What we will cover...

- About Us
- The four stages of Successful Procurement
- Reviewing Current Delivery
- Developing the Procurement Team
- Stakeholder Reviews & Case Study
- Developing a Procurement Strategy & Case Study
- Outlining the Procurement Process
- Conclusion
- Questions & Discussion





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## ***introduction to echelon***



- *Extensive client & contracting **experience** of Partnering*
- *Development of **bespoke** solutions*
- ***Full range** of services offered to Affordable Housing clients*
- *Co-authors of NHF Contract Management Guide*
- *Focus on full **stakeholder engagement & legacy building***
- *Working with 30+ organisations (LAs, ALMOs & HAs)*
- *£2bn procured to date – ALL Partnered!*



***‘Making Partnering Work’***





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## Quote

*'If you go on a journey without a map/route you are more likely to arrive at the wrong destination'*











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## Four Stage of Successful Procurement

Stage 1	Stage 2	Stage 3	Stage 4
Scoping	Procurement	Mobilisation	Delivery
			

The key to the success of Stage 4 will be directly affected by the outputs from Stages 1, 2 & 3.



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## **The future – TSA**

National & Local Standards



## Repairs and Maintenance Standard

### Proposals for the standard

Registered providers should ensure homes are brought up to and maintained to a standard which meets or exceeds that set out in the quality of accommodation standard. This includes:

- involve tenants in the design of the service, in the selection of repairs and maintenance delivery partners, and in monitoring performance of the service;
- ensuring that repairs are done to a good standard and right first time;
- agreeing locally with tenants the times for completing repairs that reflect the seriousness of the repair and the significance to the occupier and the needs of the individual tenant;
- ensuring easy access to repairs services for tenants, and communicating clearly to tenants when and how their repair will be carried out in line with locally agreed standards;
- minimising waste and inconvenience in the completion of repair or maintenance work both to the tenant and the landlord and
- enabling a prudent, planned approach to all aspects of repairs and maintenance, including an appropriate balance of planned and responsive repairs which takes account of the local context and tenant priorities.



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## Review Current Delivery - Process

This review should capture the following core information:

- **Contract type** – the current forms of contract being used
- **Cost model** – the current payment arrangements
- **Expiry date** – the end dates of each of the current contracts
- **Value** – the annual cost of each workstream (and how those costs relate to their respective budgets)
- **Performance management data** – what KPIs are currently being used and what are the current performance levels





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## Review Current Delivery - Outputs

Outcomes from this review include:

- Various contract types are being used;
- Gaps in performance management
- Various types of payment arrangements are being used
- Lack of joined-up thinking in the procurement process



Consortia of 5 HA's – scoping identified 95 defined workstreams



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## Scoping the Service – Procurement Team

- **Identification of key stakeholders** – who are they?
- **Resident involvement key** – how will you engage?
- **Ensure full engagement** - Housing/Finance/IT etc.
- **Develop Procurement Core Group** – representative group
- **Board buy-in essential** – how will you engage?
- **Resource Scheduling** – ensure that time  
is allocated





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## Scoping the Service – Stakeholder Review

- **Desktop Exercise** – capture key information
- **Stakeholder Review** – ‘Visions and Values’ Workshop
- **Resident Events** – Service specific Resident Workshops

A key recommendation of the *Better Buys* report is to ‘Identify gaps in procurement skills and take steps to fill those gaps, either by building in-house capacity or seeking external expertise’.



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## Better Buys Report 2008

***Recommendation 1*** – identify gaps in procurement skills and take steps to fill those gaps, either by building in-house capacity or seeking external expertise;

***Recommendation 2*** – identify and collect information on the market before considering procurement options and ensure that performance monitoring and benchmarking is undertaken as part of the procurement cycle;

***Recommendation 3*** – consider and evaluate all models of collaboration for achieving greater efficiency, including shared services in groups and consortia;

***Recommendation 4*** - ensure that Residents are involved in, and have appropriate opportunities to influence, relevant procurement processes;





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## Case Study –



paragon

Community Housing Group Ltd

- Group procurement for EHT and RuTCHT
- Series of 'Service Specific' Workshops
- Vision and Values Workshop
- Identified strengths and weaknesses from all perspectives
- Identified 41 aspirations for delivery model
- Drives stakeholder buy-in
- Key factor in defining procurement strategy





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# Scoping the Service – Procurement Strategy

## Principal issues

<b>Cost model</b>	Will a price-based or cost-based approach be adopted? This depends on risk allocation, contract management expertise and the provider's attitude to partnering.
<b>Contract length</b>	How long is the contract to last? This is more of an issue for term maintenance and servicing contracts than for project contracts, which last as long as necessary to complete the work.
<b>Contract size and number of contractors</b>	How does the provider want to package the work? This affects the number of contracts to be managed and the opportunity for small, probably more local, contractors to work for the provider.
<b>Roles and responsibility</b>	Will the provider use a 'hands on' partnering approach or a more traditional 'hands off' approach?
<b>Performance management</b>	What contract administration resources does the provider have and how much management and co-ordination will the contractor(s) need to provide?



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## Scoping the Service – Procurement Strategy

Contents....

- ***Why Partnering*** – exploring whether partnering is the correct route for the Provider
- ***What is Partnering*** – defining what partnering means to the Provider
- ***Where are we now*** – ensuring there is a full understanding of current costs and performance levels – how do you compare to others?
- ***External & Internal Drivers*** - clearly stating the objectives and aspirations for service delivery (identified during scoping)



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## Scoping the Service – Procurement Strategy

- ***Relationship Management*** - how the relationship with the contractor(s) will be managed
- ***Organisational Practices*** – reviewing current processes and procedures and optimise
- ***Cost Model*** - reviewing and recommending the cost model for the contract
- ***Incentivisation*** – any incentivisation that will be driven through the project (e.g. shared savings)
- ***Contract selection*** – the preferred form of contract for the project





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## Scoping the Service – Procurement Strategy

- ***Supply Chain Integration*** - defining the level of supply chain integration for the project
- ***Integration*** – defining the level of direct integration with the Contractor(s)
- ***Improved Customer Input*** – ensuring that customers are at the heart of all stages of the process
- ***Enhanced Service Delivery*** – clear identification of current levels of performance and agreed targets for improvement
- ***IT Development & Integration*** – clear definition on how Provider's IT will link to the Contractors



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## Scoping the Service – Procurement Strategy

- ***Qualitative Selection Process*** – the selected ratio of cost versus quality
- ***Lot Sizes*** – defining the workstreams and split of work by Lot
- ***Client Resources & timetable*** – a clear definition of the level of resources required and a prescriptive timetable for all stages
- ***Procurement Core Group*** – clear Terms of Reference for the Core Group for the various stages of the process
- ***Risk Management*** – identification and mitigation of any key risk identified for the procurement



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## Case Study – Procurement Strategy

Following completion of the scoping process, Jephson HA prepared a detailed report supported by a 17-page procurement options and strategy highlights report that was presented to their EMT & Board highlighting the key options.





## Contents

1.0	Executive Summary	Page 3
2.0	Why Partnering?	Page 3
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15.0	Lot Sizes	Page 16
16.0	Jephson Resources	Page 16







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## Outline of the Procurement Process

- Start planning ahead
- Detailed procurement timetable – identify milestones 
- Develop document schedule 
- Review existing documents
- Allow time to develop new specifications/KPIs etc.
- Identify TUPE implications/process
- Develop de-mobilisation/handover strategy



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## Example Procurement Timetable



ROSEBERY  
HOUSING ASSOCIATION



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### Procurement Timetable (Version 2) 10/07/09

Function	Proposed Date(s)
<b>Output A: Information Gathering (3.1)</b>	
1. Initial Scoping Meeting	Complete
2. Review Existing Service	Complete
3. Gather & Interpret KPI Data	Complete
4. Hearts & Minds Workshop	Complete 07/07/09
<b>Output B: Pre-Tender Development (3.2)</b>	
1. Define Tender Process & Consult Leaseholders	By 07/08/09
2. Develop & Agree Cost Model	By 22/09/09
3. Award Criteria	By 11/08/09
4. Process Map & Develop Specification	By 22/09/09
5. KPI Handbook & Risk Register	By 22/09/09
6. Contract Development	By 22/09/09
7. Develop ITT	By 22/09/09
8. Train & Develop Core Group	Ongoing
<b>Output C: Tender Process (3.3)</b>	
1. Develop PQQ	By 14/08/09
<b>2. Place OJEU/Adverts</b>	<b>21/08/09</b>
3. Shortlist PQQs (Return Date 18/09)	28 & 29/09/09
<b>4. Issue ITTs</b>	<b>30/09/09</b>
5. Mid-Tender Briefing	12/10/09
<b>6. Evaluate ITTs (Return Date 10/11)</b>	<b>11/11/09 &amp; 12/11/09</b>
7. Evaluation Visits (Assumes 5 visits over two weeks)	16/11/09 – 27/11/09
8. Interviews	01/12/09
<b>9. Appoint (after 10 day standstill)</b>	<b>11/12/09</b>
<b>Output D: Implementation (3.4)</b>	
1. Start up workshop	15/12/09
2. Implementation Period (15 weeks)	15/12/09 – 01/04/10
<b>Start on Site</b>	<b>01/04/10</b>

Critical milestones are in *italic*.





## Example ITT Contents

### ITT contents checklist

- **Instructions** – clear instructions to the tenderer on the tender process, to include return details, clarification details etc.
- **Provider information** – as much information about the provider and the contract/project to allow the tenderer an opportunity to provide a bespoke response including historic expenditure details, stock details, published standards (e.g. voids standards), structure charts, etc.
- **Timetable** – a detailed procurement timetable, including the tender submission deadline.
- **Specification** – detailed specification(s) for the work being tendered.
- **Contract** – details of the selected form of contract, highlighting any amendments to the standard clauses of the selected form.
- **KPI handbook** – a detailed handbook listing the KPIs being used on the contract, including any minimum acceptable scores expected of the contractor.
- **Method statement prompts** – a detailed questionnaire to allow the tenderer to demonstrate how they will deliver the project, including mobilisation plans etc.
- **Cost model** – a detailed breakdown of the payment model being used, including the Schedule of Rates if that is the selected model.
- **TUPE information** – (where applicable) including details of any pensions bonds/guarantees required.
- **Tenderer documents** – standard documents required from the tenderer, which could include anti-collusion certificate, parent company guarantee, performance bond, collateral warranty requirements, etc.
- **Form of Tender** – a detailed Form of Tender setting out the tenderers' commitments in providing the tender and capturing the tendered prices for the delivery of the work.
- **Award criteria** – covering both price/cost and quality





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## Conclusion

- Allow enough time for scoping - foundation
- Ensure you know what you are getting before you decide what you want!
- Ensure stakeholders are engaged
- Develop a clear strategy and timetable
- Allocate Resources
- There is NOT a 'one size fits all' solution!





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# QUESTIONS

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Creating the right environment for success



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