



Procurement Options - What Works Best?

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Content of Session...

- About Us
- The four stages of Successful Procurement
- What are your Procurement needs?
- Defining the Lots
- Procurement Options
- Pitfalls
- Conclusion
- Questions & Discussion




introduction to echelon

- Extensive client & contracting **experience** of Procurement
- 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)
- £2.5bn procured to date (£1bn pipeline)










Some of our Clients.....



















































1. 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.

2. Procurement Needs - Questions

- At what point do you start planning for re-procurement?
- Have you identified your organisational needs?
- Have you engaged stakeholders?
- Have you looked at the market?
- Can you commit the required resources?





Planning

- Reverse engineer timetable from start on site
- Allow at least 6 months prior to OJEU
- Consider extending existing contracts
- End to end for OJEU allow minimum 6 months
- Don't sacrifice the mobilisation (12 weeks minimum)



Organisational Needs


- Identify Service needs
- Identify workstreams
- Link to Business Plan/Strategy
- Identify Procurement Drivers
- Example....

ROSEBERY
HOUSING ASSOCIATION



Stakeholder Engagement

- Engage Board/Councillors
- Internal Stakeholder Workshop – get staff onside
- Residents Workshops – customer need/expectation
- Service Provider viewpoint
- Multiple Stakeholder event
- Prioritise!






Review Market

- Consider 'Soft Marketing'
- Find out what the current market conditions are
- Talk to your peers – what's worked?
- Consider your own Standing Orders – often a blocker!
- Consider timeline – you may get a better deal if you stagger start date(s)
- Example....





Resource Allocation

- Dedicated Project Manager
- Develop Procurement Core Group
- Develop Resource Schedule and commit
- Gain Senior Management commitment to process
- Backfill if required




3. Defining the Lots

- What size contractor do you want?
- Define Lots to reflect need
- Consider multiple lot procurement
- Ensure accurate forecast value for each Lot
- Avoid frameworks (unless desired)
- How far are you willing to go?





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Matching Lot Size to need

- Think about threshold values
- Gear lots to capability of supply chain
- Encourage SMEs – remove fear factor!!
- Consider specialising (e.g. electrical)
- Define minimum/maximum number of Contractors
- Develop OJEU/PQQ/ITT accordingly
- Build in flexibility to process
- Example.....



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Multiple Lot Procurement

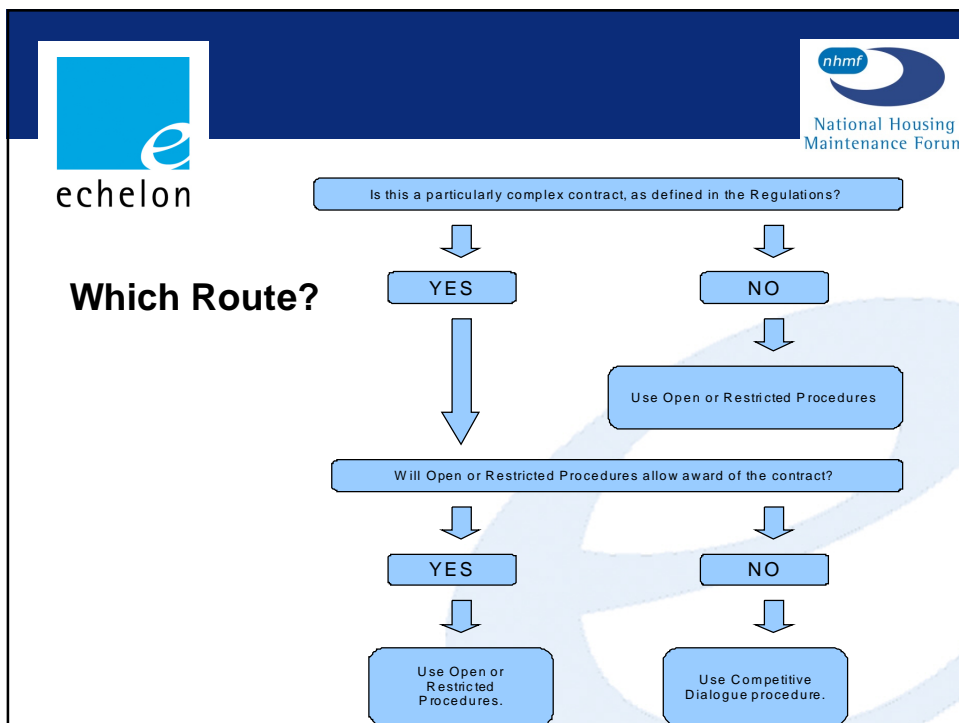
- Break down Lots
- Allow multiple Lot bids to assess benefits v. risk
- Ensure standardisation
- Each Lot is a separate Contract
- Award Criteria 'generally' the same
- Allow flexibility with number short-listed in OJEU
- Example.....



 

4. Procurement Options




- OJEU - Open
- OJEU – Restricted
- OJEU – Competitive Dialogue
- In house service provision
- Joint Venture or LLP







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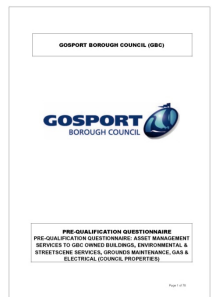

Midsummer
a member of The Guinness Partnership

OJEU Open

- Single Stage process
- High volume
- Lower quality bids due to volume
- Has its place – specialist Lots
- Example....



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OJEU Restricted

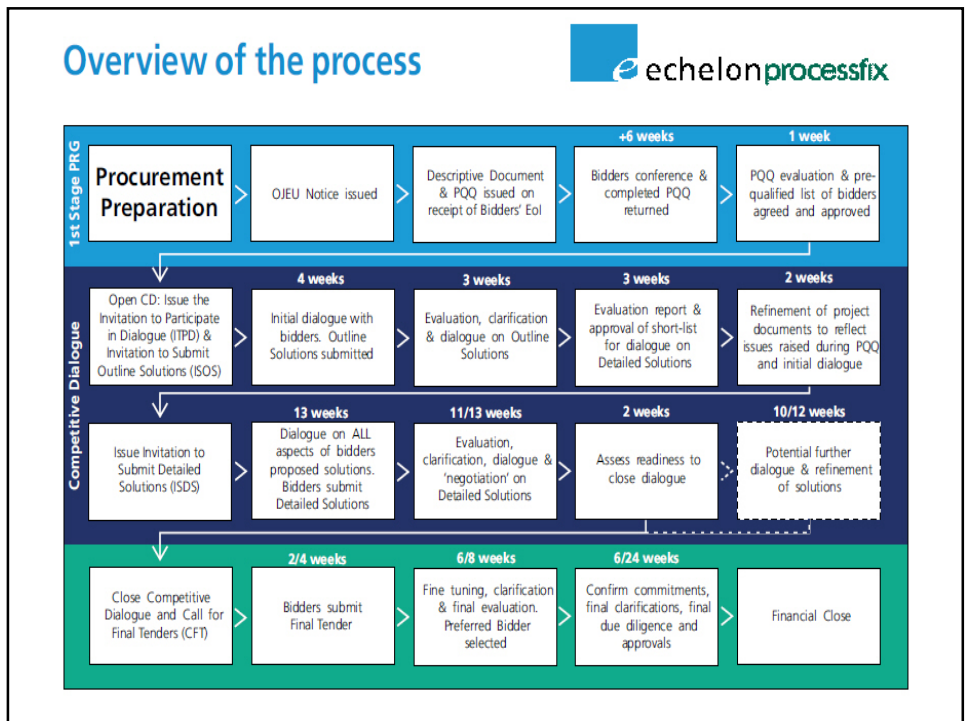
- Most commonly used for Asset Management
- Two stage process
- Pre-qualification – backwards look
- Tender Stage – forwards look
- Ensure PQQ process is clear and robust – 100+
- Award Criteria must be objective
- Negotiation after submission is unlawful






OJEU – Competitive Dialogue

- Should only be used where open/restricted not suitable
- PQQ process is the same
- Invitation to Participate in Tender Dialogue (IPTD)
- Dialogue stages through to final submission
- Is more complex than traditional route
- Has been over-engineered in many cases
- Simplified method being developed.....





Internal Service Provision



- Do you have a DLO?
- Is it feasible to develop internally
- Consider pros/cons
- Balance risk versus any savings (VAT)
- Key is investment in infrastructure/management
- Think beyond repairs
- Example.....



Joint Venture/LLC/LLP

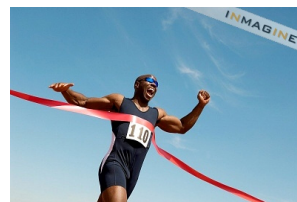


- Consider development of shared equity,
- Balances risk between service provider/HA
- 'Partial Exemption' Rule – allows VAT recovery
- Law states should not be set up solely for this purpose
- Set up costs £50k plus/£20k additional admin p.a. (PWC)
- Example....



5. Pitfalls

- **Objectives** – make sure these are clearly set and agreed at beginning of process
- **Risk of challenge** – must be transparent & objective
- **Resources** – allocate necessary resources
- **Processes** – ensure you develop clear processes
- **Time** – allow enough time
- **Mobilisation** – don't let it be the sacrificial lamb!



Conclusion

- Gear your procurement to your need
- Ensure you select right procurement method
- Development of Lots is critical
- Ensure Tender documents are clear and equitable
- Leave yourself 'wiggle room' with Lots
- Optimise the (potential) length of Contract
- Build in clear break clauses/extensions
- There is **NOT** a 'one size fits all' solution!



QUESTIONS

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Creating the right environment for success



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