



# NHMF Conference Procurement Matters!! GETITGOTTGOOD

[24<sup>th</sup> January 2012]

## Introducing The Team



### Procurement and Supply Chain



**Tony Newberry**

[Tony.newberry@sweettgroup.com](mailto:Tony.newberry@sweettgroup.com)

- Dedicated EU Procurement Specialists
- 75% of work is in the Affordable Housing Sector
- Extensive experience of Housing, Maintenance and Development
- Delivered Monetary savings on previous Contracts
- Reduced risk through practical understanding of what the client wants and tailored Contracts



**Alan Saunders**

[Alan.saunders@sweettgroup.com](mailto:Alan.saunders@sweettgroup.com)

- Improved Services through Performance Management
- Proven track record



## Selection of clients in Housing





---



- 3 -

## Pressure on public sector procurement?




---

1. Focus on cost reduction
  - Remove requirement
  - Reduce scope
  - Get a cheaper price
2. Increased buying power
  - Centralised purchasing
  - Category Management
  - More Services for less
3. Better co-ordination across the geographic area / alignment with others
  - Does this mean standardisation
4. Budget control
  - Publishing of contracts
  - Data Collection and Information sharing
5. Risk and Demand Management
  - Forward planning
  - Market understanding
6. Supplier landscape will change
  - Less suppliers? Larger Contracts?
  - What does this mean for SME's?
  - ...And all of the previous requirements including EU Procurement!

## Stage One – Understanding Requirements

---

Classification?

**Part A Services**  
(full process)

**Part B Services**  
(part process – limited to technical spec, contract award notice only)

Accounting, auditing, book-keeping, Market research and opinion polling, Management consultancy, Architectural, engineering, urban planning, landscaping and related technical services, Advertising, Building cleaning and property management, Sewerage and refuse disposal, IT Services, Financial Services Transport and courier services, Maintenance and repair of vehicles and equipment.....

Catering, Legal, Security, Educational Health and Social Recreational, Cultural and Sporting....

- 5 -

## Stage One – Understanding Requirements

---

Does EU Procurement apply?


Thresholds from Jan 2012 – Dec 2013

Supplies	Services (maintenance)	Works (new build)
£173,934	£173,934	£4,348,350

- Net of VAT
- based on estimated value
- aggregation
  - over 4 years

- 6 -

## Stage One – Understanding Requirements



---


Gathering information

- hierarchical support (Board)
- budget holders
- Service Delivery Management
- users of the agreement
- inter-related departments – IT / finance
- tenants
- local residents

RACI Definitions	
<b>R</b>	<b>Who is Responsible</b>
<b>A</b>	<b>Who is Accountable</b>
<b>C</b>	<b>Who is Consulted</b>
<b>I</b>	<b>Who is Informed</b>

- 7 -

## Stage One – Understanding Requirements



---

*“To get to where you want to be,  
first you must understand where you are now”*

**Statement of Need:**

- RACI
- how will they use?
- who is affected by their delivery?
- quantify – current providers, value, service, contracts, cost model, performance data, service level requirements
- 360 degree review
- summary for desktop review

- 8 -

## Stage One – Understanding Requirements



### Building a Procurement Strategy



Stakeholder Workshop



Residents' Voice Workshop

- What needs to change?
- What do we want to keep?
- What does 'good' look like?
- What agendas do we have to consider?
- What are the risks to be managed?
- How many contractors – spread the risk?
- Longevity of the agreement – to short or to long Price Vs Service?
- True Partnering or Service Only?
- How to Incentivise the contract?
- Pricing strategy – uplifts, RPI, stagflation, market testing?
- Advertising – SME targets?

Your revised strategy is ready for procurement!

## Stage One – Understanding Requirements



### Can the market meet the requirements?

- define what is required
- consult with current providers
- understand interest
- can the service and objectives be met?
- Consider Procurement Hubs, Bodies, Frameworks.
- ready to 'sell' the strategy?



## Stage One - Potential for using other Procurement Routes

Is using a procurement hub the right thing to do?

- Consider procurement bodies / contracts and frameworks e.g. Cyntra (LAPN), LHC, Fusion 21, PflH.
- **Investigation is worthwhile to save the procurement time and cost but:**
  - Often discover agreements don't exist
  - Pricing terms not as great as you would have hoped for
  - Restricted to a standard set of terms not put together to meet your requirements
  - Always a question of whether you can buy better and get what you want
  - One size fits all approach... will it fit you?
- Get in at the start and you may get what you need and understand what is being purchased.
- Start a local shared procurement arrangement and lead

- 11 -

## Stage One - Attracting SME's


How do we open up the market to smaller organisations?

- **Contract Notice** – tick box to confirm that the procurement is suitable for SME's
- **Contract Notice** – special text can be inserted highlighting but not restricting applications for SME providers
- **Express interest in Consortia** – indicate and promote collaborations
- **PQQ reflection of simpler requirements** – innovation, customer satisfaction, collaborative working, providing value for money etc.
- **Encourage main contractors** – commitments to communities (Targeted Training and Recruitment)

**Good reference point - The CAN DO toolkit**

12

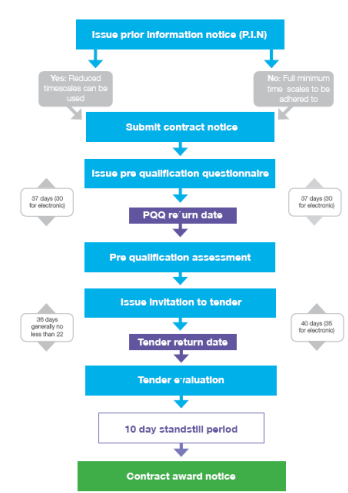
## Stage One – Understanding Requirements



Procurement Core Group


- key stakeholders
- tenant engagement
- programme
- understand workload
- knowledge
- buy-in through communication

**Restricted procedure:**



- 13 -

## Stage One – Understanding Requirements



Which procedure?

**Restricted**

- most popular
- 2 stage process
- clear requirements
- no negotiation
- a large number of providers

**Open**

- used for exacting specification
- 1 stage process
- straight to tender
- no negotiation
- limited market place

**Accelerated Restricted**

- emergencies
- same as restricted
- timescales
- Economic Circumstances – no longer open from 2012

**Competitive Dialogue**

- specialist requirements
- 3 stage process
- PQQ stage, ITPD then ITT

- 14 -

## Stage One – Understanding Requirements

What are the benefits of a long term collaborative agreement? Partnering never died!

**Client**

- secure long-term commitments
- reduced tender time and improved quality
- performance measurement and improvement
- integrated teams and added value
- limited negotiation
- agreed framework for pricing

+

**Supply Chain**

- secure stable Relationship
- access to long term work commitments
- process knowledge and improvement
- standardisation
- added value
- project delivery improvement  
i.e. quality, satisfaction

=

A good mix for all parties

- 15 -

## Stage Two – Procurement

Electronic procurement

- timing benefits
- reduced administration
- ease of access
- excellent communication
- auditability and transparency
- username and password
- ease of distribution
- tender post box
- lockdown

**Postbox View**


Details of the Tender Submission Postbox for this notice are shown below. To view the full supplier details and download the supporting documents *click* the appropriate Supplier Name. To download the entire postbox into a zip file click on the relevant link.

Ref: OCT070629  
 Title: Coastal Housing Group & Partners - Contractor Framework for Development & Refurbishment  
 Created: 20/10/2011 10:48  
 Deadline: 28/11/2011 12:00  
 Download: [Download all postbox responses \(Zip File\)](#)

All Responses		
Date and time received	Reference	Supplier Name
23/11/2011 17:01:14	12959	<a href="#">Holbrook Homes Limited</a>
24/11/2011 11:30:32	12829	<a href="#">Willmott Dixon Construction Limited</a>
24/11/2011 12:17:57	13069	<a href="#">Willmott Dixon Construction Limited</a>
24/11/2011 13:08:18	13014	<a href="#">Willmott Dixon Construction Limited</a>
25/11/2011 11:22:10	13031	<a href="#">Holbrook Homes Limited</a>
27/11/2011 18:57:14	12814	<a href="#">Wates Living Space</a>
27/11/2011 20:59:54	12890	<a href="#">JP Construction &amp; Development Ltd</a>
28/11/2011 09:18:03	13025	<a href="#">Midas Construction Manager</a>
28/11/2011 09:41:47	12915	<a href="#">O'Hare &amp; McGovern</a>




## Stage Two – Procurement




---

Selection procedure (looking back)



- **Design of the PQQ**
  - Reg 23 - Ineligibility
  - Reg 24 - Financial Standing
  - Reg 25 - Technical & Professional Ability, Experience
  - Use the strategy / further consultation
  - Weighting / Evaluation
- **Design the Contract Notice / PIN?**
  - Informed by the Procurement Strategy
  - Needs to be exacting in description and complete
  - Issue via SIMAP (37 days / accelerated?)
- **PQQ Process**
  - EOI
  - PQQ Issue (electronically)
  - PQQ Clarifications
  - PQQ Evaluation Workbook
  - Receipt and Compliance Check
  - Evaluation / Adjudication (optional)
  - Inform and Feedback



- \*Consortia

Output

Identify Tenderers (min. 5)


Benefits

Transparent process

Clear and recorded decisions

- 17 -


## Stage Two – Procurement



---

Award procedure (looking forward)

- **Design of the ITT**
  - Clear instructions for tendering
  - Specific requests for proposals
  - Use the strategy / further consultation
  - Weighting / Evaluation Criteria
- **Pricing Document**
  - Design of a pricing template
  - MEAT / Lowest Price
- **Contract / Framework Agreement**
  - Preparation of documents
- **Client Brief**
  - RSL's specific needs
  - Performance Management - KPI's, other.
- **Technical Brief**
  - RSL's Technical Standards



- **ITT Process**
  - ITT Issue (electronically)
  - ITT Clarifications
  - ITT Evaluation Workbook
  - Receipt and Compliance Check
  - Set up Client Evaluation
  - Undertake Commercial Evaluation

Output

Definitive Tender Documents

Benefits

Clear expectations of Tenderer

Clear and recorded decisions

Tenderers meet RSL's needs

- 18 -

## Stage Two – Procurement



### Interview and site visits

- **Interviews – Verifying Proposals**
  - Organisation
  - Interview
  - Summarising and RE-Scoring
- **Site Visit – Verifying Proposals**
  - Organisation
  - Attendees and Facilitation
  - Summarising and Scoring

= reality check of proposals



**Output**  
Verification of tendered proposals

**Benefits**  
Prove or disprove proposals  
Meet the management team  
Test technology  
Inspect quality

## Stage Two – Procurement



### Award

- **Recommendations Report**
  - Summary of process
  - Collation of scoring data
  - Recommendation for Cyril Sweett
  - Presentation to Board
- **Award**
  - Inform successful and unsuccessful Tenderers
  - Standstill period
  - Provide feedback to failing Tenderers
  - Communicate with candidates
  - Manage any challenge – to date
- **Contract Sign-off**
  - Achieve early contract sign-off



**Output**  
Supporting report to validate process and decisions made.  
Manage failing Tenderers

**Benefits**  
A compliant EU Procurement process is achieved  
Selected Tenderer's meet the needs of the RSL

## Stage Three – Mobilisation

---

Getting started

Don't forget the staff

- Agreement Sign off (Stick to the tender)
- Launch
  
- Implementation Workshop
- Processes and Procedures
  
- If a Framework - awarding work
- Supply Chain Management Strategy
  
- Tendered Promises
- Term Contracts - programme
- Mobilisation

**Education and Training**

- a new strategy
- new ways of working
- new contracts
- change in culture

**Management**

- governance
- people (roles and responsibilities)
- performance

- 21 -

## Stage Four – Management

---

Performance

Project meetings

Programme

Cost Management

Bi-monthly

FMT / SCG

Lessons Learned

360 / PI

Reporting

Project Progress

Tender Actions plans

Framework Objectives

League Tables

360 Learning

Waste Management

Extranet

Dashboard – Contractor

Dashboard - Framework

- 22 -

## Main challenges to achieving a successful procurement and mobilisation



### Procurement

- a poor attempt at procurement compliance will end up in difficulty
- programme of work is not maintained and creates slippage
- existing supply chain does not qualify or fails tender creating risks.
- the right stakeholders not engaged and 'the same old' service procured
- decisions based on a statistical process and interviews provides a different perception of known ability
- scope of work is unattractive when presented in different packages
- contract training is not recognised early enough leading to confusion over roles and responsibilities from the outset
- commercial framework is not understood well enough.

### Mobilisation

- Promises made in the tender not monitored and carried through to delivery
- individuals revert to traditional procurement / management methods
- lip service is paid to training
- re-engineered processes fail due to lack of consultation during development
- supply chain does not understand the roles and responsibilities of the clients' staff and residents
- staff reluctance to participate due to concerns about their own position/ change in style of working
- limited time and resource is made available to gather all personnel for training session
- lip service is paid to the training and a traditional approach is maintained in the working environment

- 23 -

## Top 10 Best Practice & Lessons Learnt



1. Identify and consult all stakeholders
2. Ensure all stakeholders are aware of the intended Procurement Programme
3. Identity a clearly defined scope of services
4. Use current/past contract performance to ensure that new contract delivers
5. Identify and manage risk from the outset
6. Develop and open, robust and flexible cost model for the services – know what you are paying for.
7. Site Visits/Interviews – Hold Site Visits first to allow questions to be addressed at Interview
8. Key Performance Indicator's important but also using Residents as "Spotters or Committees"
9. Use the promises made in tenders to really deliver beyond the scope – its what they said they would do so test it!
10. Partnering is not dead – we all need each other!

**Procurement is a link to better value, but it depends upon the effort that you put in to it.**

- 24 -

