

Setting up your project for success

Seminar 5: Procuring and Managing Delivery

ARUP



FUTUREGOV

copper

 Grant Thornton



Welcome

Speakers

Mark Jones - Nichols, Project and Programme Management advisor

- Over 35 years experience of the application of project management in the planning, procurement and delivery of infrastructure projects varying in size and complexity

Simon Bevis– Nichols, Project and Programme Management advisor

- Project delivery professional with experience in the design, set up, delivery and assurance of capital projects and programmes
- Public and private projects across urban regeneration, education, leisure, infrastructure (rail and roads), and international development

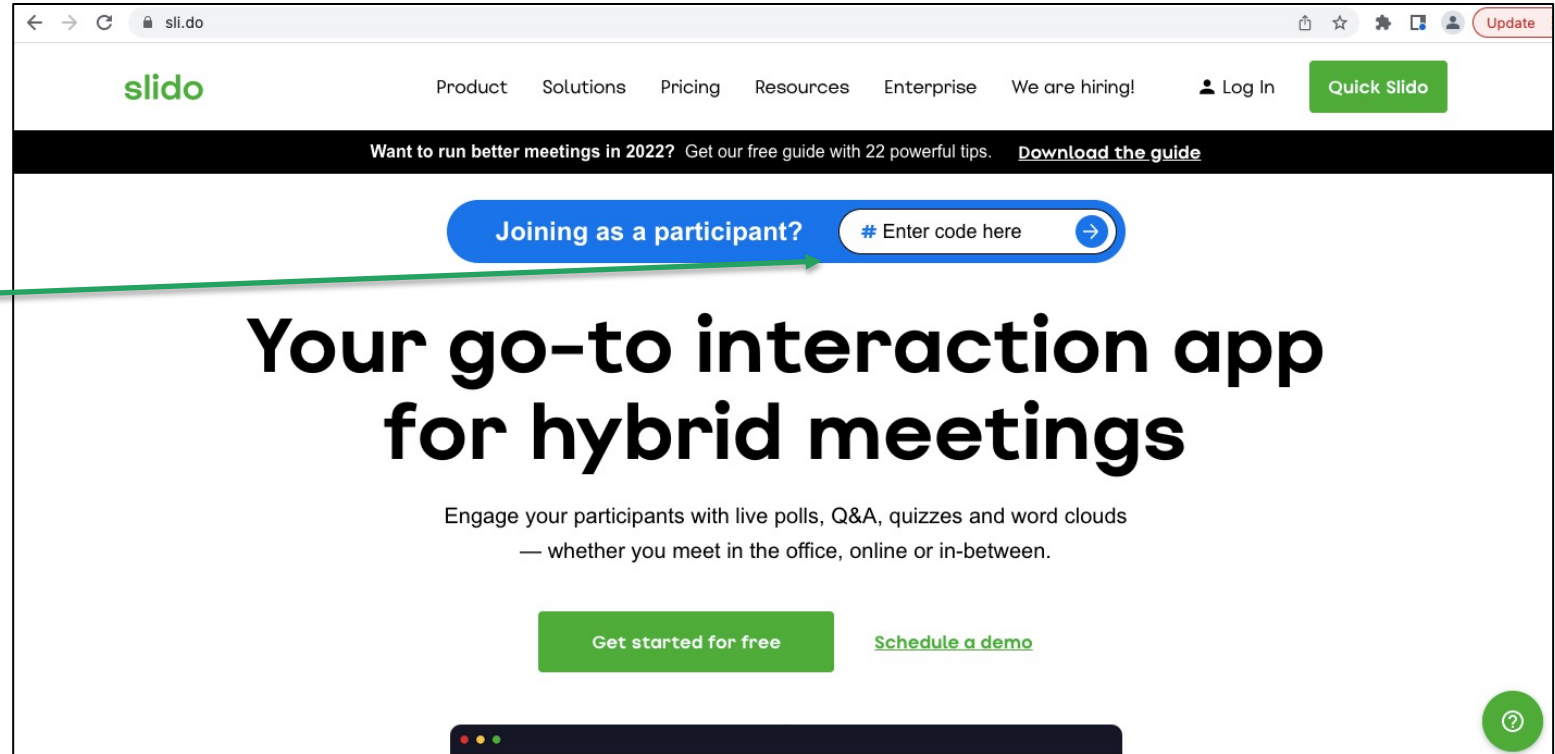
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Slido

Go to slido.com (on your laptop or mobile phone)

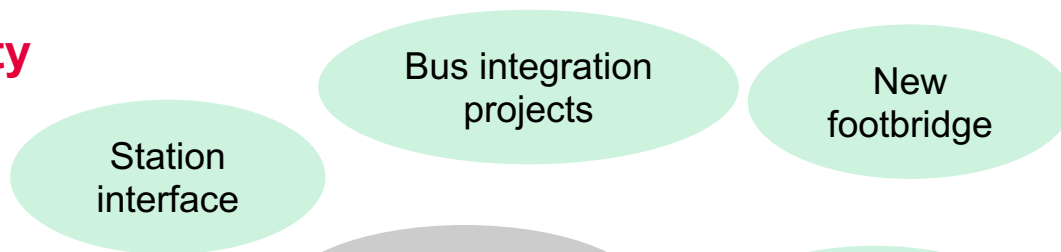
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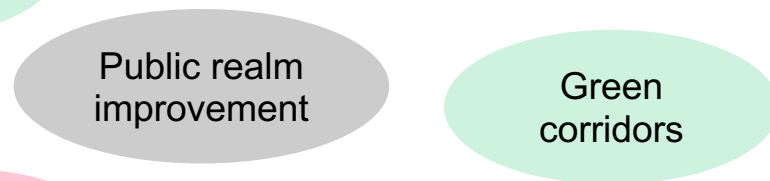
Slido

Towns Fund Project Examples

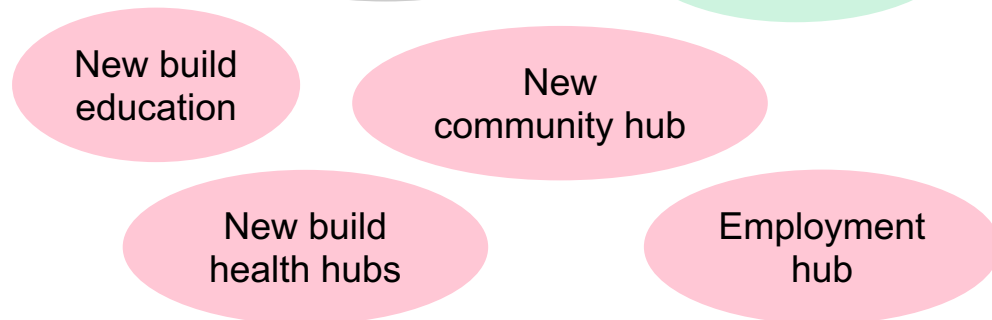
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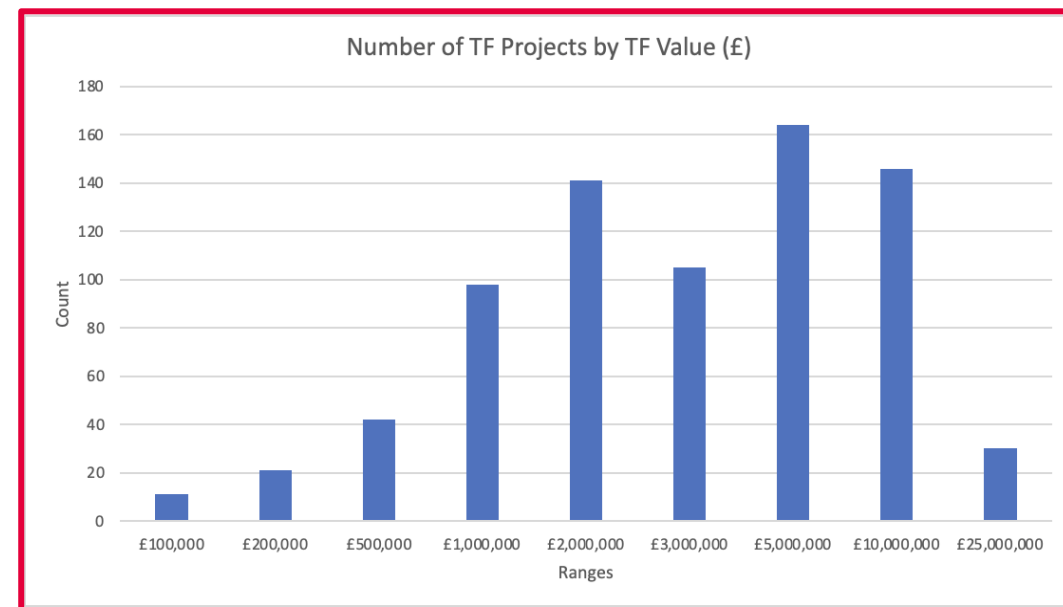
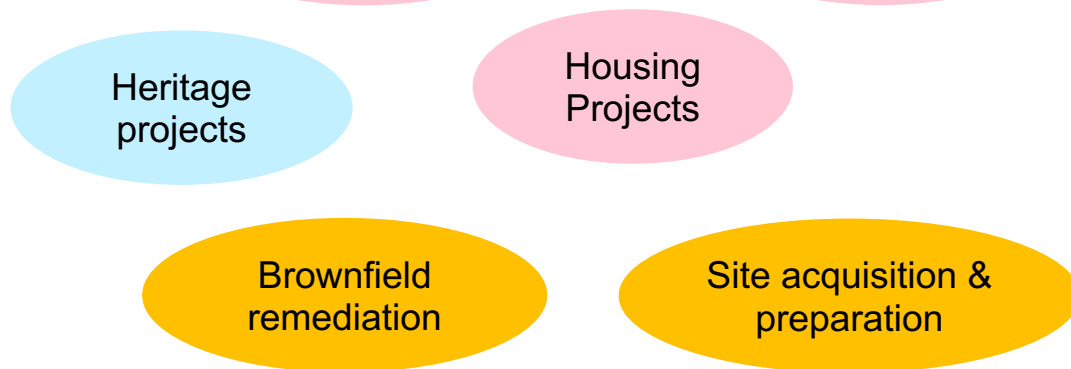
Place



Buildings



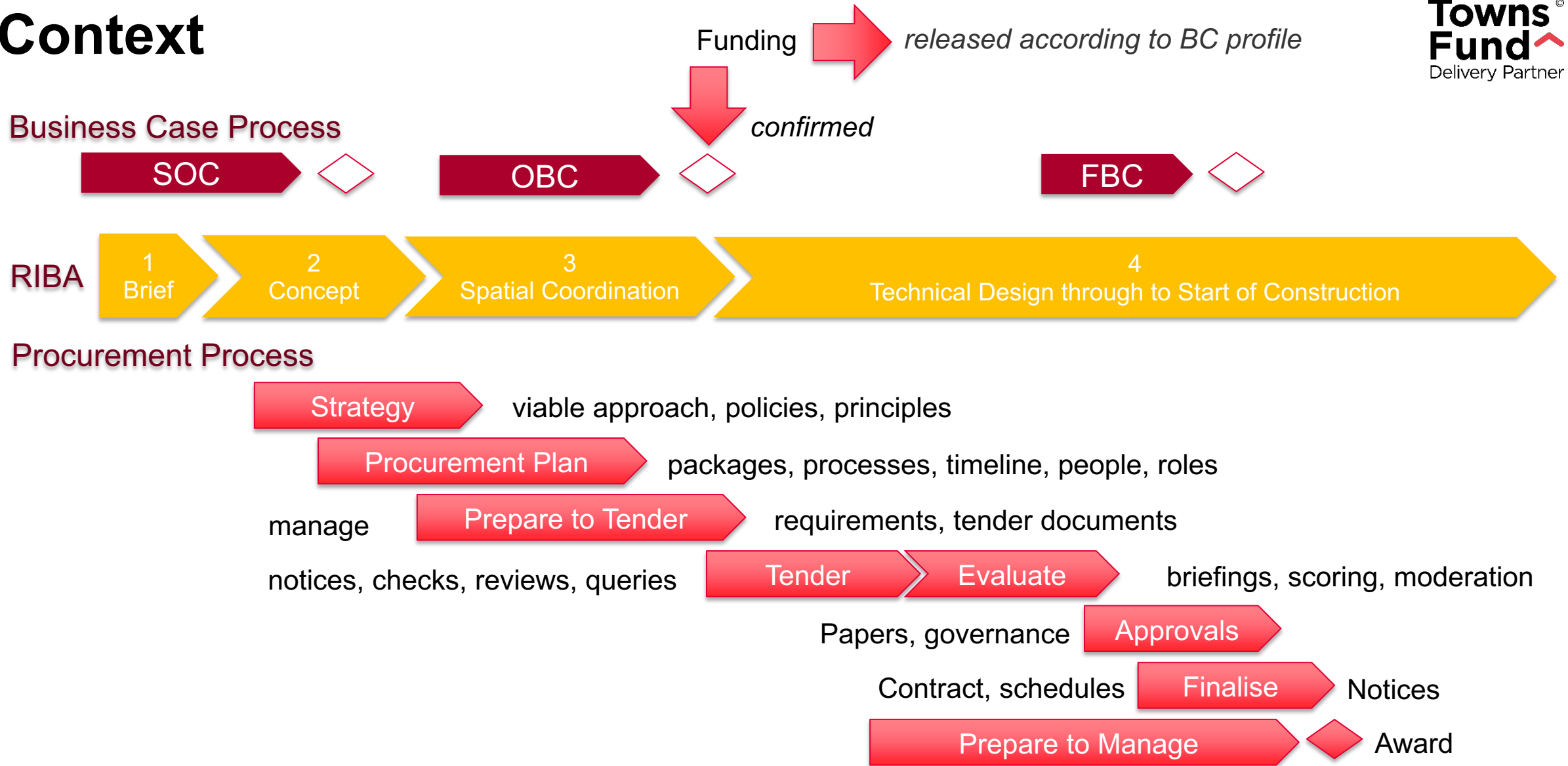
Enabling



Towns Fund projects vary considerably in type, size, complexity 'no one size approach fits all'

Getting to the Starting Line – Procuring and Mobilising

Context



Slido Q: Where are you in the procurement process for your priority/leading projects?

Some Procurement Risks

Risks

- Rush to tender
- Lack of responses
- Poor quality bids
- Price exceeds estimates
- Poor selections
- Supplier integrity
- Fraud

Causes

- Unreasonable expectations
- Unrealistic timescales
- Lack of research
- Lack of competence
- Inappropriate process
- Inadequate analysis
- Poor controls



How will you manage procurement risks?

Procurement Considerations (1)

Capability: Client and Market Assessment

- What is your capability? How will you fill any gaps?
- What is the state of the market?

Market engagement: to support good competition

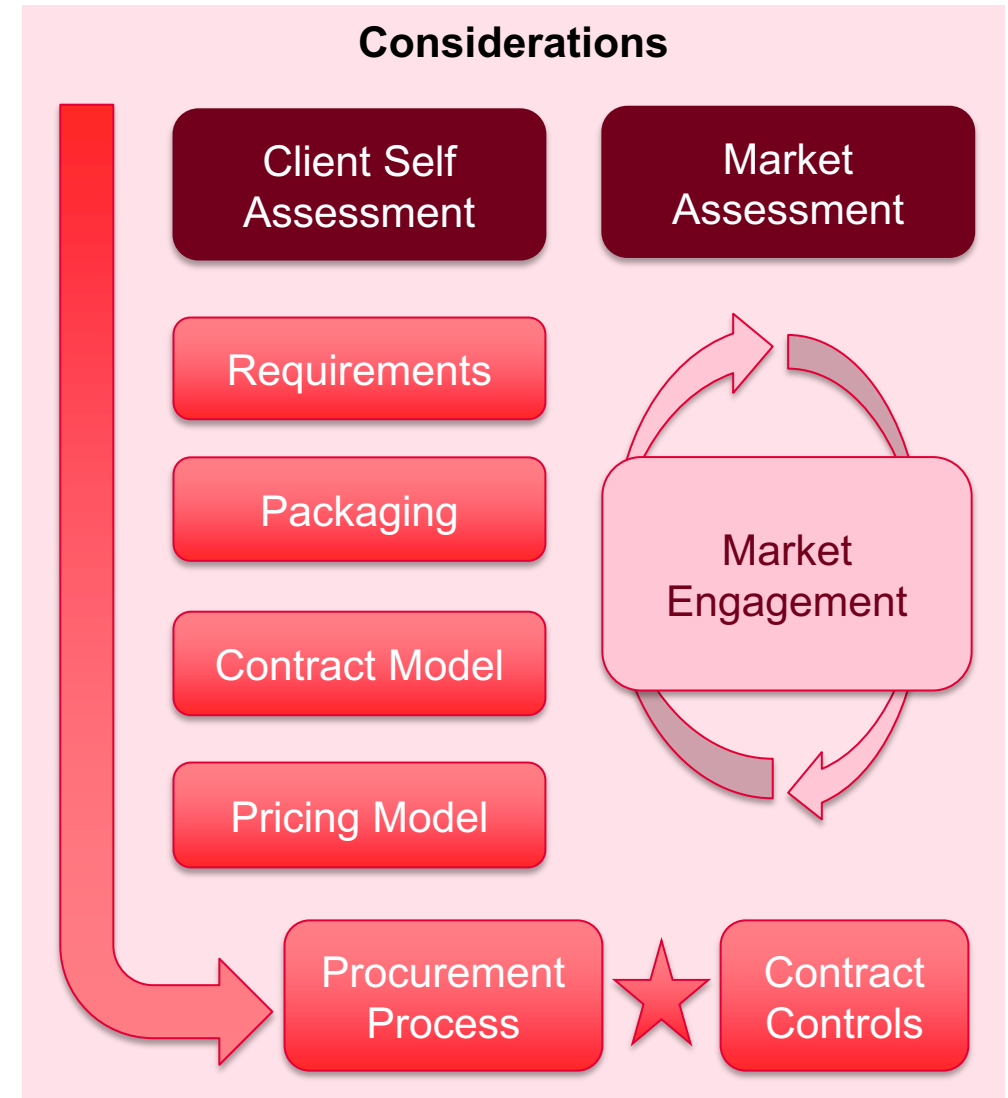
- How will the market be assessed, engaged, checked?
- How will you apply procurement principles?

Requirements

- Be clear on what and how you want it to be delivered including health, safety, environment, societal

Packaging considerations:

- If more than one package then consider type of work, size, risk allocations, client and market capacity



Procurement Considerations (2)

Contracting Model – typically one of:

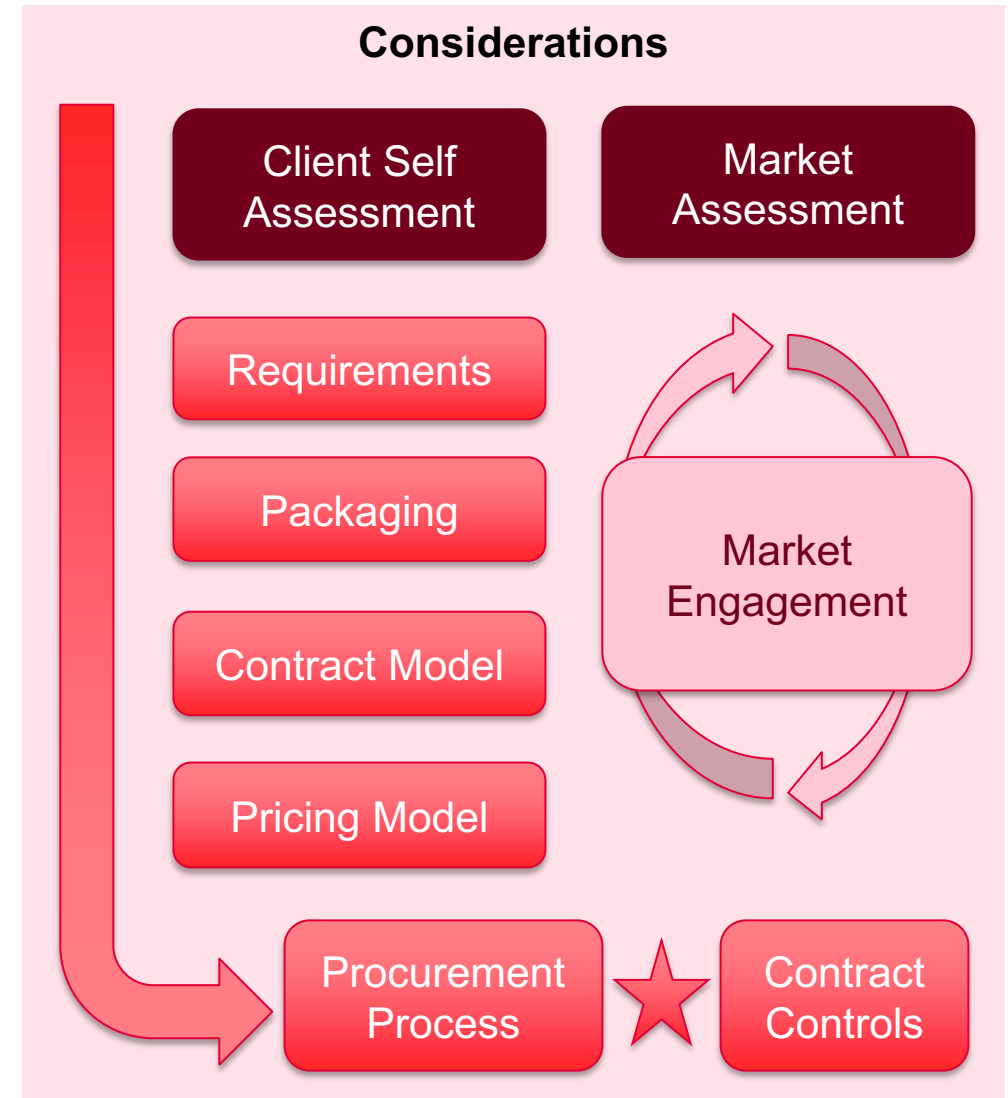
- In-house delivery, direct management, or management contracting and for selected design/build/maintain scope

Pricing Model Options (linked to risk allocation)

- Typically from cost reimbursable (influence), target cost (pain/gain), lump sum (certainty) - with or without incentives?

Form of Contract

- Typically JCT or NEC; sometimes bespoke
- Endeavour to avoid modifying standard contracts



Slido Q: Who will lead your procurement process?

Procurement Planning

Policies, constraints and principles:

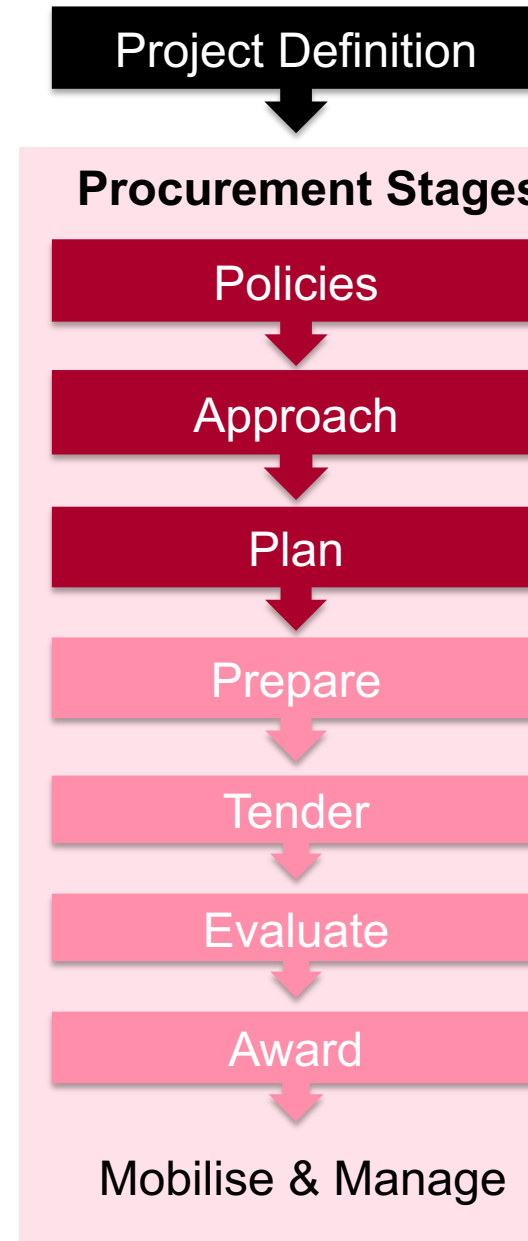
- Legal: Public Contracts Regulations 2015
- Local: existing, modified, new for Towns Fund projects
- Principles: equal treatment, non-discrimination, transparency, proportionality

Approach: route and procedures

- Bespoke competition (single stage/multi stage) or use a Framework (internal or external)
- Select appropriate procedure from: open, restricted (PQ), other or as per Framework (mini-comp)

Procurement Plan: write it, share it, follow it!

- Scope – summarising the packages
- Timeline – realistic allowances, key milestones
- Process – reflecting governance and delegations
- People – who needs to be involved and how
- Risks and how they will be managed



Frameworks

- Availability
- Speed
- Regionality
- Segmented
- Variety

Examples



Procurement Delivery

Preparing to Tender

- Requirements covering:
 - Design Information
 - Works information
 - Commercial information inc. KPIs
 - Draft Contract
- Instructions for Tenderers:
 - How to tender (electronic)
 - What to submit
 - Access to information
 - Queries and clarifications
 - How bids will be evaluated

Tender Process

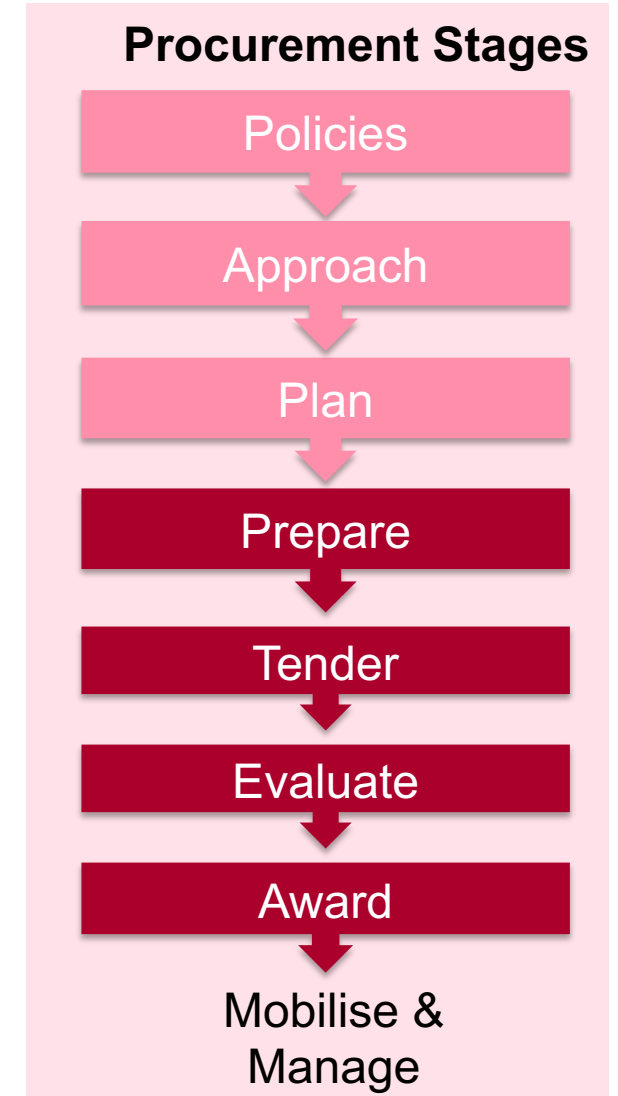
- Nominate a dedicated manager
- Plan and give briefing to bidders
- Set bid-time relative to complexity
- Promptly answer queries

Evaluation Process

- Test before release of ITT
- Clear and robust assessment
 - Generally, most economically advantageous tender (MEAT) - not lowest cost
 - Components: reflecting technical, cost, sustainability and social value elements – separate teams
 - Clarifications: be clear on how in person presentations will be used
- Establish and brief the tender evaluation teams on confidentiality, scoring, impartiality and moderation

Award

- Allow time for governance approvals
- Allow contract formation & signing
- Be ready to give feedback to bidders
- Communicate to stakeholders



**Breakout discussion
(15 mins)**

Feedback (5 minutes)

Breakout 1

Question 1

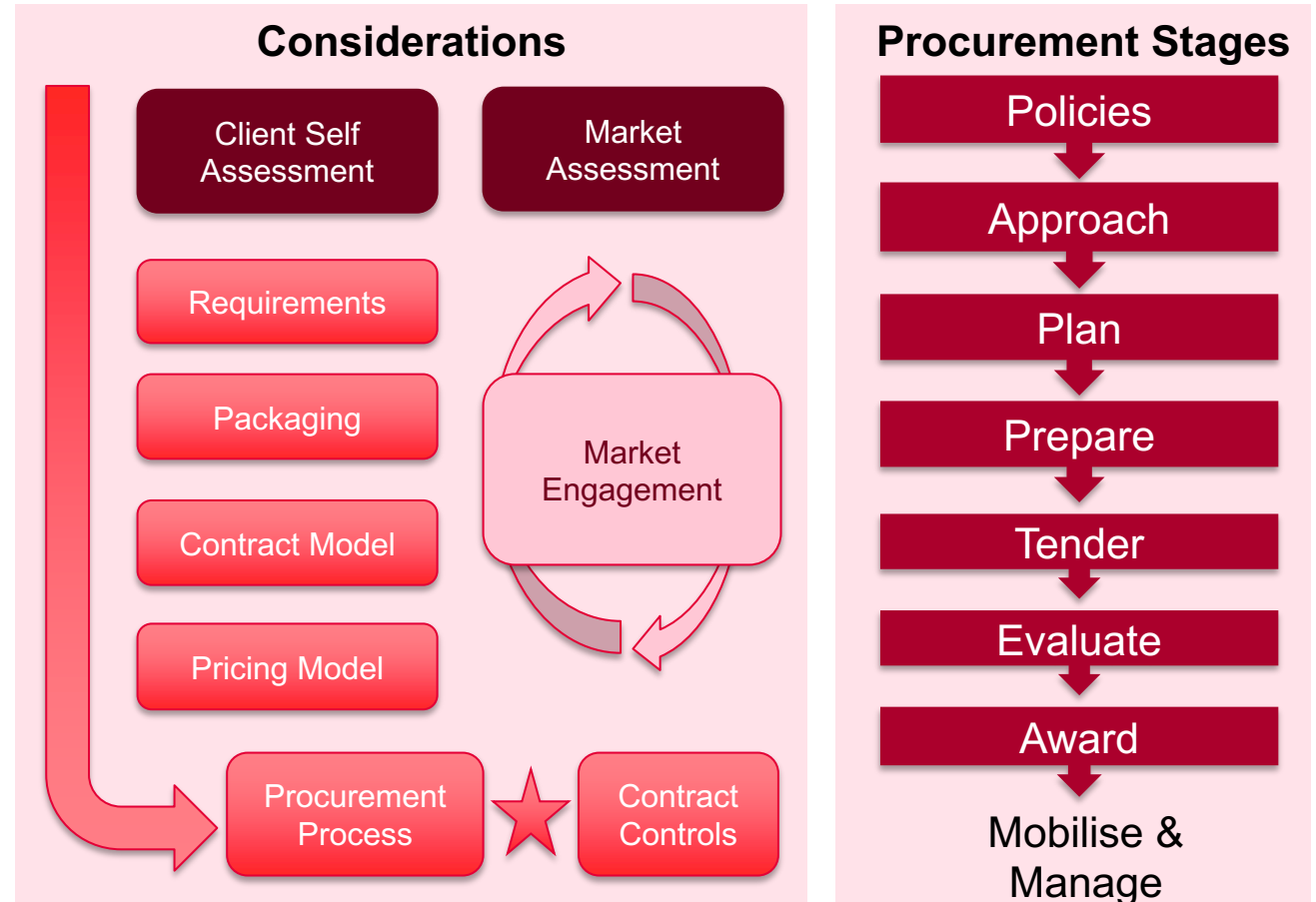
What is your role during the procurement of your projects?

Question 2

What issues have you faced so far and how have you / are you dealing with them?

Question 3

What concerns do you have about the procurement phase?



Managing the Delivery Phase

Getting Started

So, you've made a decision, appointed a contractor, announced it to the world, and agreed a start date.

- What next and what could possibly go wrong?
- And when it does, who will be affected, who is responsible, how and who will fix it?



Slido Q: What could go wrong?

Mobilising for Success

Prepare your Team

- Read and understand the Contract
- Review client held risks and mitigations
- Brief the client delivery team and advisors
- Confirm key obligations and requirements
- Review and confirm dependencies
- Review and confirm project processes and ethos

The Leadership Key
“Everything rises and falls on leadership”
John C Maxwell



Invest in a 'will-do' Culture

Meet the Contractor

- Present the project and goals
- Confirm priorities and ways of working
- Review and confirm the Contractor's programme and methods
- Understand respective information requirements
- Present contract management processes
- Agree plans to mitigate shared risks

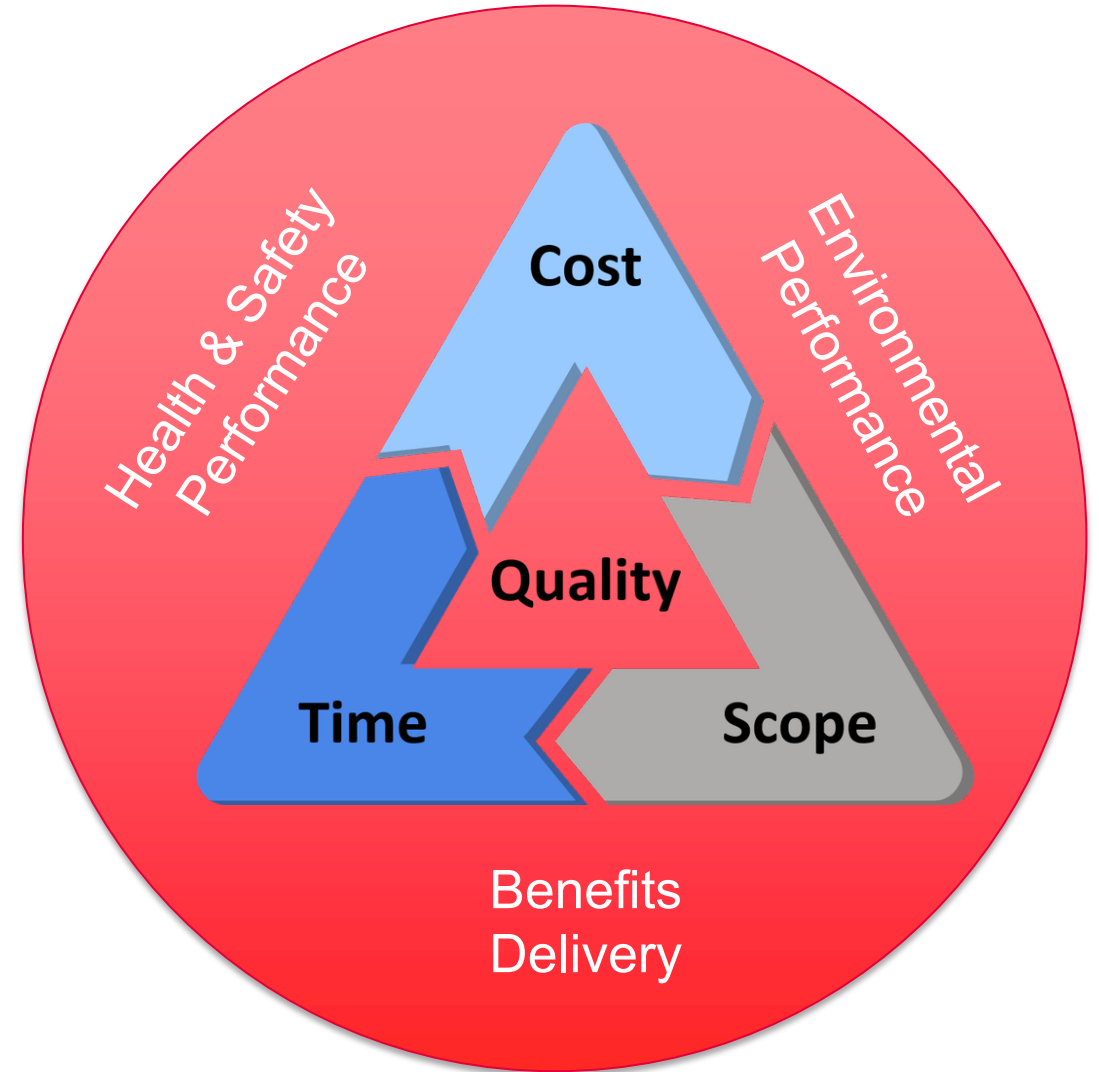
Managing Some Key Client Held Risks

Theme	Considerations
Health and Safety	Clients have legal responsibilities under CDM Regulations 2015
Scheme information	The better the quality of information the lower the likelihood of designs changing
Consents & permissions	Establish primary planning and property consents and permissions early
Scheme approvals	Design and operate a risk based process focussed on delivery objectives
Stakeholder impacts	Build relationships with affected communities and invest to mitigate objections
Third Party Interfaces	Understand risks and establish binding protocols pre contract to avoid disruption
Payments for Suppliers	'Cash is king' – establish a process that supports prompt payments
Supplier defaults	Assess financial health of Tier 1 and 2's and monitor through construction
Fraud	Recognise and put in place measures and controls based on LGA guidance

Reporting and Assurance

Considerations

- What do you need from your suppliers?
- Why do you need it?
- Who needs it?
- What level of detail is appropriate?
- What frequency?
- What format?
- What resources will you need?
- Can you simplify through technology?



Changes and Disputes

Change during construction is almost inevitable and increases costs, distracts delivery and causes delay.

Some common reasons:

- Incomplete project information
- Requirements change
- Unexpected discoveries
- Interface misalignment

Mitigate change through robust pre-construction planning and controlled contingency management during construction

Disputes are common and cause delays, increase cost, sour relationships, tarnish reputations

Some common causes of disputes

- Misaligned objectives
- Quality and workmanship
- Responsibility for delays
- Construction interface co-ordination

Collaboration should provide a culture to avoid disputes. Adopt a tiered approach using alternative disputes resolution, courts as a last resort

Breakout discussion
(10 mins)

Group Feedback
(5 mins)

Breakout 2 Questions

Question 1

What will your role be in the Delivery Phase and how will you interface with other key roles: sponsor, project manager, contract manager

Question 2

Which of the client risks do you recognise and what can you share from your experience (work or domestic)

Question 3

What concerns do you have about managing the delivery phase?

Theme

Health and Safety

Scheme information

Consents and permissions

Scheme approvals

Stakeholder impacts

Third Party Interfaces

Payments for Suppliers

Supplier defaults

Fraud

Finishing Well - Handover and Completion

Completion and Handover

APM: *“The point in the life cycle where deliverables are handed over to the sponsor and users.”*

PRINCE2: *“The project should have a clear end with a correct handover of information and responsibility.”*

So, handover is about deliverables and information and signifies a change in responsibilities from the the project team to the sponsor and users (operators and maintainers)

But which deliverables? Assets? Build records? Cost records?

And is completion when everything is finished? Or when the asset starts to be used? Or at the end of the warranty period?

If there is no clear definition then there is a risk that the project participants and stakeholders will have different views which could lead to disputes and delays



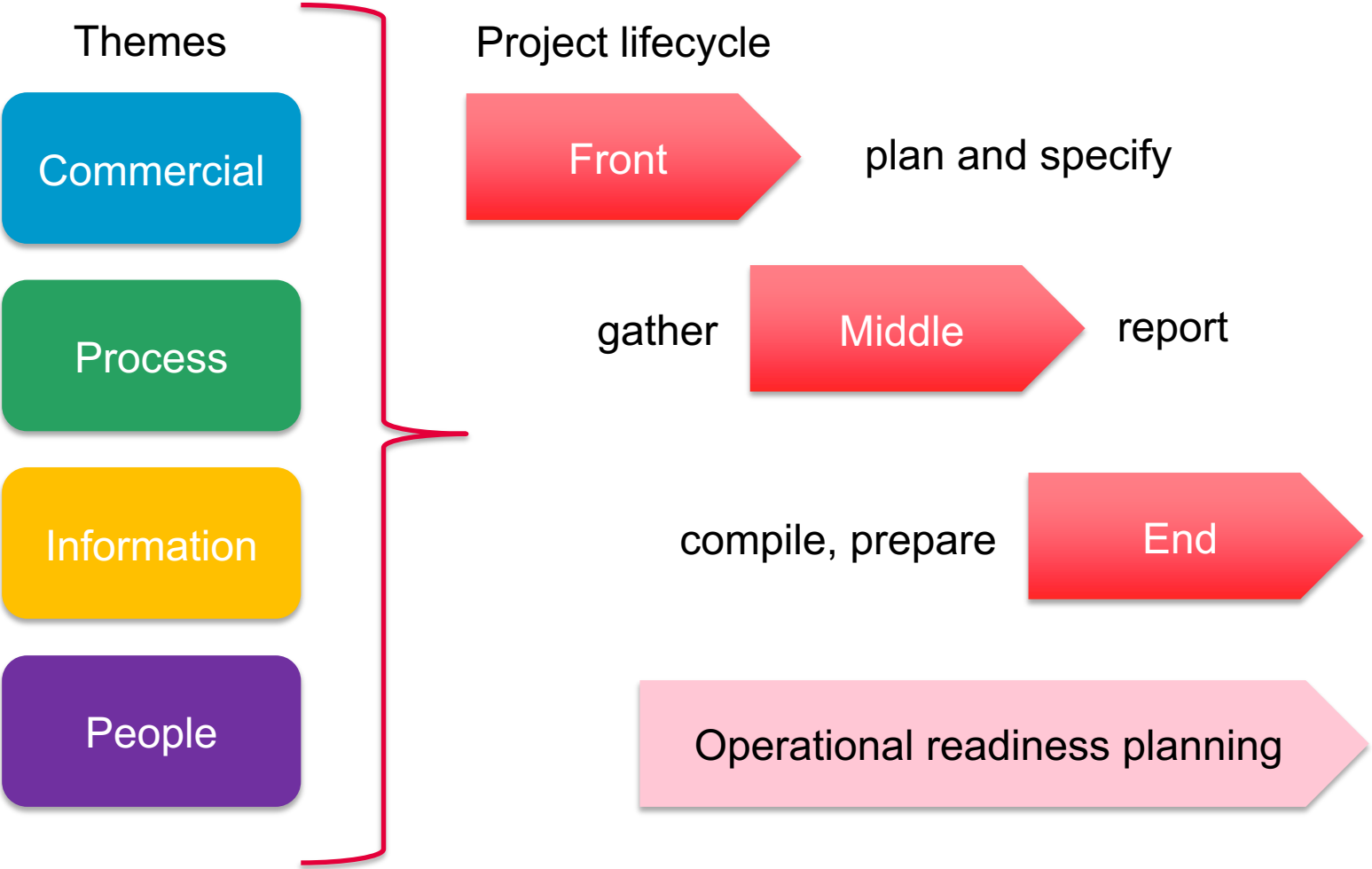
RICS guidance note



RICS professional guidance, UK
Final account procedures
1st edition, December 2015

Slido Q: What do you think constitutes project completion? Opening/Handover of Document/Practical Completion/Snagging complete/Final Account/

Planning for a successful handover



“Handover is a process not a date. Planning for it should be from the start of the project and it should be viewed as an incremental transfer of knowledge and operation from project delivery to business as usual.”

Competing goals at Handover

Public

When can we use it?

Town Board

When can we open it?

Maintainers

How can I maintain it without documents and training?

Operators

How can I operate it without training?

Sponsor / Client

Am I confident I can accept it?

Project Manager

How quick can I complete and handover?

Designers

When can I redeploy my staff?

Contractors

How can I get my completion certificate?

Finally, some considerations

- Think of handover as the reverse of project initiation
- Don't leave it to the end
- Develop a plan and process early with all your stakeholders
- Define the terms you use: handover, practical completion etc
- Be specific on roles for assurance, witnessing and acceptance
- Incorporate requirements in all delivery teams remits/contracts
- Agree early acceptance criteria for assets, training, documents
- Build your evidence and acceptance incrementally
- Consider how digital tools might support effective handover
- Incentivise contractors to address snagging items expeditiously
- Incorporate stages in the handover plan
- Involve all contributors in celebrating success
- Conclude with a Close Out Report – template available



Breakout discussion
(10 mins)

Group Feedback
(5 mins)

Breakout 3 Questions

Question 1

Who will operate and maintain your projects – to what extent is that understood and agreed?

Question 2

What experience do you have of project and handover and what would you recommend others plan for?

Question 3

What concerns do you have about handover and completion?

Commercial

Process

Information

People

Summary and Conclusions

Summary and Conclusions

- Don't under estimate the importance of investing in the procurement stage and don't rush it
- Be clear on what your role will be through procurement, delivery, handover (and other key participants)
- Decide early what you want from your delivery contracts based on your business case and stakeholder requirements
- Problems will come at every stage of your project so keep reflecting on your plans and update your risk register
- Build and maintain a collaborative culture
- Plan early for handover and completion

Slido Q: What's the most valuable thing you've heard today?

Next week: drop in clinic

Procuring and Managing Delivery

Setting Up Peer to Peer network

Format for drop-in clinics

- One hour open session for you to discuss seminar related questions with us and your peers
- The focus for the clinic next week is **procuring, managing delivery and setting up peer to peer networks**
- Please send in specific areas or questions you'd like to bring to the clinic by midday on the Tuesday before the Thursday drop-in

Further help

How can we help?

You and your team

- Helping you to identify the team and capabilities you'll need to deliver
- Providing capability development, coaching, and mentoring for project/programme management and sponsorship

Contact us

- Simon.Bevis@Nichols.uk.com
- Christopher.Wingham@Nichols.uk.com

Your preparations

- Providing you with a project and programme management viewpoint when developing your business cases in particular the Management Case
- Supporting your preparation for successful project initiation and project delivery using the questions above
- Considering if you have the right sponsor, project management and commercial skills in the right quantity to deliver

End

Commercial Deliverability

Challenges

- Show how value will be assured, obligations discharged, and risks managed during delivery and into operations, where applicable

Contracts

- State the what contracts will be put in place (numbers and parties)
- What Conditions of Contract will be used: JCT or NEC or other?
- What, if any special provisions will be required, why?

Commercial Risks

- Summary of key commercial (including financial, legal, property, performance) risks and mitigations (including guarantees, warranties)

Commercial Organisation

- Describe the key commercial roles and responsibilities
- Confirm arrangements for resourcing the key roles
- (If applicable, state approach to personnel issues e.g. TUPE)

Controls

- What systems, processes, procedures will be used to formalise instructions, outputs, payments, changes, disputes

Charging

- Summarise how payments and, if applicable, incentives will be made

