

Commissioning Toolkit for the Procurement of Consultancy and Professional Services



Improvement through efficiency



www.lcpe.gov.uk

"Value for money should be the priority of any organisation procuring consultancy services. Consultancy is a complex procurement category and there are a wide range of issues which influence a successful outcome. As such, whilst there is no definitive best approach, rigorous procurement and project processes which include clear statements of requirement and scope contribute considerably to a successful assignment. OGC is happy to support this toolkit as being fully aligned with these principles."

Dr Peter Walmsley
Supplier Relations
Office of Government Commerce

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1 Introduction

1.1 BACKGROUND

The use of consultants in the public sector has grown at an increasing rate in recent years. Data published by the Management Consultancies Association (whose membership, it is estimated, represents 60% of the UK consultancy market) indicates that fee income from the public sector has quadrupled over the previous 3 years to 2005, with a 23% fee income growth rate in 2005. Government initiatives such as the eGovernment Programme, the National Procurement Strategy for Local Government and Private Finance Initiatives for example, have made it necessary for local authorities to engage scarce professional expertise to deliver high quality services and value for money to their citizens. However, initiatives such as the Gershon review have required local authorities to deliver year on year savings and operational efficiencies. This clearly creates a conflict between the delivery policy objectives and the realisation of efficiency gains.

For local authorities to continue delivering and improving on high quality services and meet the challenges of a continually changing landscape driven by performance improvement, they will inevitably need to continue to engage professional expertise in the form of consultants and professional service providers.

With high-levels of spend in this area, estimated in to be in the region of £170m per year across London local authorities ¹, and a predicted upward trend in utilisation of consultancy and professional services, local authorities have a responsibility to ensure the delivery of good value for money through well commissioned and managed assignments.

To counter headlines of money being 'poured down the drain' by paying consultants excessive fees and on several occasions to repeat work they have already done for other authorities, significant progress needs to be made across key aspects of local government procurement. There is limited evidence to show that procurement in this area is managed to ensure value for money ². The problem is compounded by:

- low visibility of expenditure;

- incorrect coding in financial systems which conceals expenditure; and
- difficulties in measuring and monitoring the delivery of less tangible products through to a successful outcome.

If local authorities are to meet the challenging targets set by central government and keep council tax increases to a minimum, they will need to review their approach to this growth area of procurement. This is critical to ensuring improvements in delivery to achieve efficient, effective consultancy procurement that provides good value for money to their citizens. To support the improved planning, commissioning, deployment and management of consultancy and professional services, the City of London and the London Borough of Hounslow have led and commissioned the Procurement of Consultancy and Professional Services project. Funded and supported by the London Centre of Excellence (LCE), the project has set out to deliver a suite of products that will provide London local authorities with resources to work towards achieving efficiency gains of 10% in this area through:

- collaborative procurement;
- improved knowledge and processes; and
- making cashable savings.

This Commissioning Toolkit is one of the Procurement of Consultancy and Professional Services project deliverables. The other deliverables are:

- **Web-based Knowledge Centre** - Accessible through the London Centre of Excellence website the Knowledge Centre will provide the opportunity for supplier benchmarking, market intelligence and the sharing of information, with a view to reducing direct costs.
- **Skills Building Programme** - a programme providing training to develop the specific skills required to deliver well commissioned and managed projects.

¹ London Centre of Excellence Business Plan, September 2004

² Peter Gershon, Releasing Resources to the Front Line, July 2004

- **Feasibility Study** - an investigation in to the viability of a Pan London framework agreement for the procurement of Consultancy and Professional Services.

1.2 THE AIMS OF THE TOOLKIT

The aims of this Toolkit are to:

- assist in raising awareness of some of the issues and activities that London boroughs will need to address to realise the efficiency gains and obtain value for money from the engagement of consultancy and professional services providers; and
- provide practical guidance and resources that will support officers in reviewing their approach in this area and how to employ the procurement process effectively to deliver successful outcomes.

1.3 PURPOSE OF THE TOOLKIT

The purpose of this Toolkit is to give local authorities some of the tools they need to achieve the efficiency gains and cashable savings from the procurement of consultancy and professional services and continue to deliver quality services to their local communities. However, a local authority will also need to engage in a strategic and operational review of its activity in this area. A review of this nature is complex and needs buy-in and leadership from senior managers.

This toolkit has highlighted some of the areas that would need to be addressed in any review.

However, its main focus is to provide users with:

- best practice guidance;
- example documents; and
- resources to support the procurement process and the effective implementation of consultancy and professional services.

This guidance has been sourced from a range of London boroughs, government departments, private sector organisations and professional bodies.

1.4 HOW TO USE THE TOOLKIT

While the toolkit is not an end-to-end manual for the strategic planning and review of procurement and delivery of consultancy assignments, it highlights some of the issues to be considered in this area and provides best practice information and guidance to support the procurement process.

The Toolkit proposes a structured framework for the life cycle of engaging consultants. It is acknowledged that a number of the identified issues re-occur throughout the life cycle of any procurement and delivery. Therefore it is intended that information should be used where appropriate and not just within the stage it is included.

1.5 ADDITIONAL INFORMATION

There is already a range of information and guidance that exists to support the effective and efficient engagement of consultancy and professional service providers. This Toolkit is not intended to replace this information but to complement it. To this end existing information is referenced throughout the Toolkit and where appropriate, links are provided to this information.

Some of the information we refer to is contained in the appendix, and some is from websites and other documents. Symbols to identify this information are as follows:

→ Appendix

These are available if this is being run from a CD ROM. MSWord versions are also included for you to amend and use as appropriate.'

📄 Other documents

These are available if this is being run from a CD-ROM.

🌐 Websites

These are available if you have access to the internet.

2 What are 'Professional Services'?

Professional services cover a wide range of specialist activity across local authority delivery. Suppliers in this area offer professional and specialist expertise through:

- providing advice;
- development;
- implementation; and
- providing interim management, filling skills gaps for defined periods of time. This provision is not necessarily defined as consultancy.

Not only does the scope of professional service activity require definition but the parameters of what constitutes consultancy will need to be determined.

For the purposes of this Toolkit, consultancy and professional service activity has been defined using the following categories. These categories are taken from the ProClass scheme which is being established as the standard scheme for categorising local authority services in London.

ProClass categories for consultancy and professional services

- Business
- Construction
- Environmental
- Financial
- Healthcare
 - Public Health
 - Social Policy
 - Service Provision
- Highways
 - Street Management
 - Traffic Planning

■ Housing

- Arm's Length Management Organisations (ALMOs)
- Stock Management

■ Information Technology (IT)

- Business process review (BPR)
- Implementation
- Project Management

■ Legal

■ Management

- Efficiency
- Organisation & Planning
- Personnel

■ Procurement

■ Strategic Planning

■ Technical & Feasibility

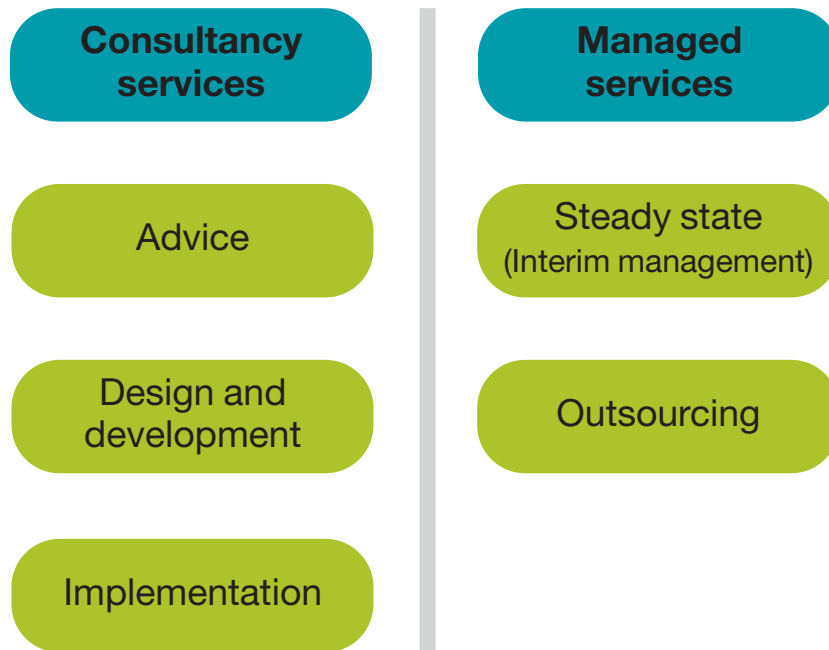
These services have been highlighted because of the demand for them across local authorities and there is a large enough number of suppliers involved giving the greatest potential to secure improvements in value for money and provide significant cashable savings and efficiency gains.

The parameters of what constitutes a consultancy assignment have been considered and we have adopted the following model as proposed by the OGC Professional Service Forum. This model has been developed by public and private sector members of the forum and makes the distinction between consultancy and managed services provision within professional services.

Consultancy assignments are limited by time or purpose, and do not form part of business-as-usual operations.

Managed services involve the delivery of ongoing local authority service, usually in a role that would normally be filled by staff from the local authority if any were available.


Professional services model



In addition to interim management we also need to consider how contract and temporary staff fit in to this model. Some local authorities already use contract and temporary staff agencies to source specialist individuals to deliver specific elements of some assignments. For these individuals the same principles should apply. If individuals are engaged in delivery of work that falls in to the 'consultancy services' element of the model, as above, this work should be commissioned and managed in the same manner to ensure value for money outcomes are delivered. However, a pragmatic approach should be taken steered by the size of the piece of work being delivered.

The use of contract and temporary staff can be an effective way of delivering an assignment as these individuals may be more experienced and skilled than the consultancy at delivering individual elements. Before embarking on this approach careful consideration will need to be given to how these different elements and their interdependences would be managed to deliver the desired outcome efficiently and effectively.

For more information on methods for recruiting temporary and agency staff, read:

 **LCE** Transforming the Procurement of temporary and Agency Staff, 2006

Developing a common understanding of 'professional service' categories, as set out on page 6, and agreeing the parameters of what constitutes consultancy within and across organisations will make possible the monitoring of expenditure and activity across these categories. To do this effectively, local authorities will need to ensure that appropriate management and financial systems and procedures are in place to record information. This will in turn provide local authorities with essential management information to inform strategic decision making.

3 Developing strategies for commissioning professional services

With expenditure on consultancy and professional services estimated to be in the region of £170m across London boroughs and a predicted upward trend in utilisation, local authorities have a responsibility to ensure the delivery of good value for money through well commissioned and managed assignments. The responsibility for this outcome falls not only to the officers commissioning the consultancy assignments but also on Senior Officers in a leadership and corporate decision making role. This is further supported by the critical role that procurement plays in delivering strategic objectives - now a focus for the corporate governance Key Lines of Enquiry (KLoE) in Comprehensive Performance Assessments (CPA).

3.1 STRATEGIC PLANNING

The delivery of value for money and improved service outcomes will increasingly need to be achieved through the integration of services, i.e. shared services and collaborative working across local authorities, the public sector and other local partners. This is recognised in the Cabinet Office Transformational Government Strategy³ which has identified the key challenges for local government as:

- designing services around the citizen or business;
- releasing efficiencies by standardisation, simplification and sharing; and
- improving government's professionalism in delivery of ICT-enabled change

To deliver on this area successfully will require strong leadership and buy-in at the most senior

levels. It will also present London local authorities with the opportunity to develop creative and innovative ideas and new models for delivering sustainable services. Inevitably, authorities will not have all the skills and expertise in-house to achieve this transformation and change. Some of these skills and expertise will need to be sourced from outside of the authority through consultancy and professional services providers.

To be successful in this challenge, senior officers and managers will need to develop and implement effective strategic plans and business and procurement strategies. These should identify clear objectives and priorities in defined 'professional service' categories and ensure that the local authority has the necessary capacity and capability to deliver the business and culture change required. Public sector organisations produced many reports making good recommendations for change and improvement which have never been implemented mainly due to lack of resource and appropriate expertise.

To inform the strategic planning process a local authority will need to fully understand how it engages consultant and professional service providers. Completing a review of this activity with outcomes of baselining expenditure and capacity, analysing systems and procedures and identifying savings and efficiency gains will provide this information. The methodology to complete this review may vary between local authorities dependent on the authorities' current engagement process and procedures and how information is recorded and managed. The following outline is a framework process that a local authority could employ to conduct this review.

Example of a review framework



³ Cabinet Office. Transformational Government Strategy 2005

To complete a full analysis of expenditure and activity information will need to be gathered from a range of systems and individuals. This would include the authority's finance system, service directors and heads, operations managers, along with those individuals who are engaged in commissioning and delivering consultants' assignments. To give a full picture the following information would need to be included in the data collected:

- The total spending in the past and total spending you have planned for the future, including how this money has been spent and will be spent.
- The service areas within the local authority where consultants are engaged.
- The types and detail of the assignments within those service areas that consultants are engaging in.
- The reasons why the local authority engages consultants in these areas.
- The systems, processes and procedures that are in place to commission and manage consultants.
- The systems, processes and procedures that are in place to record and manage spending.
- Perceived future requirement for consultants.

Gathering this information will present many challenges as it is likely the information will not be readily available from one source or easily accessible. Details on how and what consultants are commissioned will in part be held by individuals. Working with these individuals will need to be managed sensitively with an approach that promotes working with them rather than one that points the finger.

Once this information has been gathered it should be analysed to identify potential improvements in processes and procedures to achieve efficiency gains, and how the local authority can build capacity to meet skills requirements and areas of expenditure that can provide potential savings to improve on the value for money achieved in this area. The outputs from the analysis will help to identify issues such as:

- spread of expenditure across services within the local authority;
- trends in commissioning and expenditure;
- gaps and inefficiencies in systems and procedures;

- gaps in capacity and capability within the local authority that requires it to engage consultancy and professional service providers; and
- the demands services have for specialist expertise and knowledge.

Once areas of efficiency gain and savings have been identified a plan of how to implement and take these forward will need to be developed. This should include a framework to capture and monitor these areas to ensure the targets and improvements are being achieved.

Further information:

To support senior managers in this strategic area and in responding to the Department of Communities and Local Government (DCLG) (formerly Office of the Deputy Prime Minister) and Local Government Association (LGA) National Procurement Strategy for Local Government 2003, the Improvement & Development Agency (IDeA) has produced the following general guidance information for managers.

- 📄 **IDeA Procurement Essentials: Managers' guide to procurement.** 2003
 - 📄 **IDeA Managers' Guide to Procurement: Key messages for Chief Executives & Senior Managers.** 2003
 - 📄 **DCLG (formerly ODPM) National Procurement Strategy for Local Government.** 2003
- Other related information:**
- 📄 **DCLG (formerly ODPM) Innovation and its Contribution to Improvement.** 2006

3.2 COLLABORATING AND WORKING WITH OTHERS

The National Procurement Strategy for local government 2003 states:

'The strategic objective of collaboration is to obtain better value by bringing councils and other public bodies together at local, regional and national levels to combine their buying power and create shared services.'

This description outlines the common understanding of a collaborative approach, i.e. aggregating contracts, making them larger, to leverage better services and savings from suppliers by taking advantage of economies of scale.

Although this approach is suitable for some routine procurement activity it doesn't lend itself or is appropriate for all. Careful selection of procurement areas is needed to achieve these outcomes. This does not mean, however, that collaboration should be discounted if an area of procurement will not benefit from these outcomes. There are other valuable benefits and outcomes that can be achieved through collaboration at a local, subregional, regional and national level.

Collaborating with others to commission consultancy and professional services can provide the following benefits:

- Removing duplication of effort for common requirements which could be delivered once and then shared between local authorities.
- Standardising and streamlining processes.
- Standardising requirements to meet group and national policy issues.
- Aggregating demand to increase purchasing power within local authorities but without excluding niche and smaller providers.
- Sharing information and market knowledge from previous experiences.

- Gaining access to additional expertise and experience.
- Consolidated performance management and monitoring.
- Collectively developing and improving expertise and capacity to build resilience.

There are at least three forms of collaboration that a local authority should consider which can deliver value and benefits to the local authority. However, it must be pointed out that, although these benefits are easy to map out on paper without careful consideration of how collaboration will be approached and what is to be achieved, it can be difficult to realise these in practice. A key issue to consider is that unless there is transparency and good collaboration within an authority the chances of leading or adding value to a regional collaboration project are limited. If you don't know what you are spending on the goods and services provided, how can you collaborate meaningfully with other local authorities?

Examples of some of the benefits and outputs that can be achieved from collaboration are identified below.

Form of Collaboration	Benefits & Outputs
<p>Collaboration within a local authority</p>	<ul style="list-style-type: none"> • better strategic planning • remove risk of duplication • provide better value for money • provide improved quality • better understanding of corporate expenditure • promote policies and initiatives • promote and share best practice • increase probability of a successful delivery
<p>Collaboration across a sector</p>	<ul style="list-style-type: none"> • better market knowledge and intelligence • better information to inform planning • sharing expertise and scarce procurement project management resources • better pricing information • more leverage on suppliers • greater transparency leading to productive benchmarking • removing duplication of effort • raised standards of service and officer skills
<p>Collaboration with suppliers</p>	<ul style="list-style-type: none"> • better understanding of market • transfer of skills and knowledge management • new and innovative ways of thinking • increased capacity • better performance management • better business planning

Each form can deliver both economies of scale and/or skill. However, careful consideration should be made in selecting the procurement assignments in which collaboration is taken forward and how this is approached.

Consideration should be given to the following issues and risks involved in collaboration and how the risks will be managed appropriately:

Risks

- There may not be a cultural fit between local authorities.
- The ownership of the contract and the outputs.
- The role and buy-in of elected members in the different authorities.
- The equal distribution of benefits between authorities.
- The equal distribution of work between authorities.
- The possible negative effect on market and competitiveness, the potential exclusion of SMEs, and creation of monopolies.



Other issues

- Clear channels of communication and the building of trust between authorities.
- Clearly set out roles and responsibilities.
- Additional resources may be required to tender larger joint assignments.
- How costs are apportioned and allocated.
- The reaction of suppliers and market response.

Although there are risks, collaboration does yield benefits that are significantly better than the total that each local authority or individual could achieve on their own.

Further information:

Read the following documents for more information

-  **London Centre of Excellence (LCE)**
Developing a Collaboration Strategy. 2005
-  **Office of Government Commerce (OGC)**
Aggregation: Is bigger always better? 2004

3.3 UNDERSTANDING SUPPLIER MARKETS

A key element in the successful procurement of consultancy and professional services is knowing and understanding the supplier market. Local authorities need to understand the ability of the market to meet their needs and collaborate with other public sector organisations and bodies to determine short, medium and longer term requirements to develop and shape the market to meet this capacity and need.

There are a variety of different suppliers in the market place that cover a range of specialisms and services. This presents a challenge to local authorities in choosing the right supplier of the job. Some organisations buy a 'name' rather than seeking the best expertise available. The chances of finding the right supplier can be greatly improved by:

- clearly specifying what is required;
- consulting with colleagues in other local authorities;
- using the guidance contained within this Toolkit; and
- making use of all available tools and resources.

3.3.1 Small to medium-size enterprise/niche

As well as the larger more well known suppliers, local authority buyers should also consider the smaller and medium-size enterprise (SME). In many instances SMEs and niche providers can deliver improved value as they offer:

- Lower cost - through having smaller administrative and management overheads.
- Innovation - through the early exploitation of new technology, providing products or services in new or underdeveloped market, or by using innovation to differentiate themselves from established market players.
- Responsiveness - through having shorter management chains and approval routes, so they can respond quickly to changing requirements.
- Flexibility - your contract is more likely to be important to an SME. They may therefore be more willing to tailor a product or service to meet specific customer needs rather than a large firm that sells an established offering.

- Quality of service - being a large customer of a small business means your business is important to the SME. This can result in better and often more personal levels of service and in a better relationship with the supplier.
- Specialism - through supplying specialist products or services that larger suppliers find unattractive, for example because of limited demand.


The following links provide access to further information regarding SMEs:

Supply2.gov.uk is a government website for promoting lower-value opportunities (typically under £100,000). Also includes a Supplier Information Database providing a listing and short profile of subscribing suppliers

 <http://www.supply2.gov.uk>

London Centre of Excellence 'Buy a Better London' workstream

 <http://www.lcpe.gov.uk>

 **Office of Government Commerce (OGC)**
Smaller Supplier: better value? 2005

3.3.2 Framework agreements

The consideration of framework agreements can also be included as an approach to engaging the right supplier. A framework agreement in general terms is an agreement with suppliers which set out terms and conditions under which specific purchases (call-offs) can be made throughout the term of the agreement. Each framework has been established to meet specific requirements and facilitates engagement with the types of supplier which are most appropriate to meet the required need. For more information on frameworks consult the local authorities' procurement manager and go to the following websites:

OGC Buying Solutions - Catalyst

 <http://www.ogcbuyingsolutions.gov.uk>

London Contracts & Suppliers Group


 <http://www.lcsg.org>

Local authorities should also seek to develop and manage relationships with suppliers from the earliest appropriate point. This will enable both parties to build a better understanding of each other's needs, capabilities and decision making


processes, which in turn will promote creativity and innovation in the delivery of assignments.


It may be beneficial to engage with suppliers as early as the business case and specification phase of the assignment. This may have the advantage of encouraging innovation and increasing suppliers' buy-in and taking ownership at an early stage. This buy-in and commitment can also improve performance in delivery. However, there are obvious risks to this approach, e.g. the consultancy steering the assignment in the direction they may want to take it way from what is required by the authority. If this approach is adopted these risks will need to be identified and managed appropriately.

For more information read the following documents:

 **OGC Capturing Innovation: Nurturing suppliers' ideas in the public sector.** 2004

 **OGC Early Market Engagement: Principles and Examples of Good Practice.** 2006

 **OGC Disclosure of Budgets in the Course of Procurement: When is it appropriate?** 2005

 **OGC Making Sense of Market Choices: Market and Supplier assessment guidance.** 2004

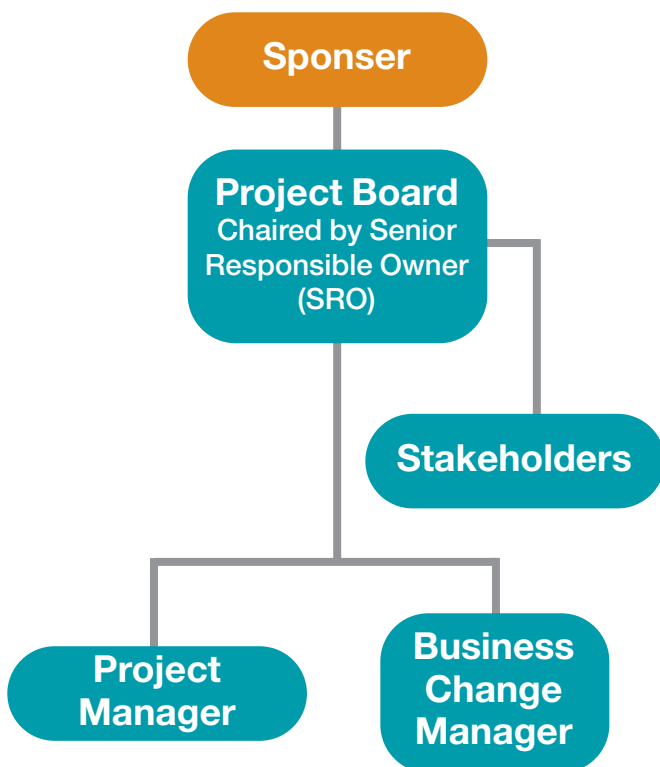
4 Governance and project management

4.1 GOVERNANCE

The first task to be completed before any work is carried out to identify and establish a clearly defined governance structure. This is a key feature for the successful delivery of any assignment. However, local authorities should be pragmatic in the use of these structures. For many smaller (e.g. less than £100k) or one-off assignments the most important aspect would be to have clear terms of reference and a sponsor in place.

Once established it is crucial that individuals are clear in understanding their role and responsibilities in directing and controlling the planning and delivery of the assignment. For more complex or long term assignments a structure such as the one below might be more appropriate.

Governance structure



The structure can be adapted with one individual taking on more than one role. The roles and responsibilities of groups and individuals within this structure are described below.

Governance structure - roles and responsibilities

- **Sponsor:** responsible for making strategic business and investment decisions. For cross-cutting initiatives, it is important to clarify who holds the budget, who pays for what and when. This can be an individual.
- **Senior Responsible Owner:** is personally responsible for the success of an assignment. If it is a cross-cutting initiative, there should be a single SRO with overall responsibility for a successful outcome, supported by representatives from each of the collaborating local authorities.
- **Project Board members:** responsible for decision-making support to the SRO - as the Project Board's executive.
- **Stakeholder group:** represents their particular interests. These individuals should be consulted during the fieldwork and encouraged to review any outputs or recommendations.
- **Project Manager:** is the individual responsible for delivering the assignment on behalf of the Project Board. The Project Manager has the authority and responsibility to run the assignment on a day-to-day basis.
- **Business Change Manager(s):** responsible for transition and embedding of change. For cross-cutting initiatives, there should be one for each local authority involved.

4.2 PROJECT MANAGEMENT

Project management is an evolving discipline within local government. The effective deployment and adoption of these techniques and skills has been shown to lead to successful delivery.

Essentially a project is a unique collection of clearly defined activities aimed at producing a specified result:

- Within an agreed time (Time)
- Within an agreed budget (Cost)
- With an agreed set of requirements, specification, standards and terms of reference (Quality).

A project can be characterised as

- Bringing about change
- Having defined start and end dates
- Will require specific control frameworks
- Involves a degree of risk
- Generally falling outside of normal service delivery.

To successfully deliver a project Time, Cost and Quality will need to be effectively monitored and managed through the 'project life cycle', i.e. from inception to project closure. To do this a variety of different skills will need to be employed which would include:


- Time planning and management
- Budget and resource planning and management
- Risk management
- Quality management

An appropriate project management methodology (e.g. pragmatic Prince2) would also need to be employed to provide and effectively monitor a management framework to support successful delivery.

Prince2 is not an off the shelf methodology as if it is not implemented correctly, it can obstruct delivery. Too much time and effort can be spent on implementing elements of the methodology and producing documentation that does not aid

control or support the successful delivery of a project. To insure against this it is recommended that if a local authority is going to adopt Prince2 it should invest in the appropriate formal training in Prince2 for those officers who will be implementing or coming into contact with the methodology.

The following document provides a basic starting point for a project management standard and Prince2:

 **DCLG (formerly ODPM)/IDeA Project Management Handbook for Local Government. 2005**

4.2.1 Project Initiation Document

The Project Initiation Document (PID) is a key document and will be need to be completed for every assignment. The business case and specification provide the basis for and feeds into this document. The purpose of the PID is to define the assignment and to form the basis for its management and the assessment of overall success and benefits realisation.

→ An example of a Project Initiation Document (see appendix 1)

4.2.2 Risk identification and management

Before initiating an assignment key risks associated with the delivery of that assignment should be identified and recorded. Once identified these risks will need to be analysed and evaluated so that possible actions to mitigate these risks can be considered and appropriate actions selected. It will then need to be considered whether the risks outweigh the business case. If this is the case a decision will need to be made regarding the validity of the business case and whether the assignment should go forward. The risk evaluation assesses the probability of the risk occurring and the impact on the assignment should the risk arise. Managing these risks involves planning and implementing the required resources to carry out the identified actions. Once this is in place the risk and action will need to be monitored and reported on to ensure the action has the required effect.

Risk management will continue throughout the life cycle of the assignment and will involve all members of the project team. The following template will help monitor and report on risks.

→ An example of a Risk Log (see appendix 2)

4.2.3 Controlling change

Throughout the life cycle of the assignment various issues and changes will inevitably arise both from within the assignment and from stakeholders and other interested parties. To ensure that these are logged, assessed and appropriate action taken, a formal change control mechanism should be put in place, supported by a clear governance structure. Decision making authority should be clearly identified along with tolerances around change delegated to individual, e.g. change in scope, time, quality and cost. Ultimate responsibility should sit with the Project Board and Senior Responsible Officer (SRO). Having this mechanism in place will ensure that all issues and requests for changes in scope are formally agreed and logged. The following templates will help monitor and report Issues and Requests for change.

→ An example of a Project Issue Template (see appendix 3)

→ An example of an Issue Log (see appendix 4)

The following links provide additional information on project management and Prince2:

APM Group (on behalf of OGC)

 <http://www.apmgroup.co.uk>

IDEA Capacity Building Toolkit

 <http://www.idea-knowledge.gov.uk>

OGC Successful Delivery Toolkit

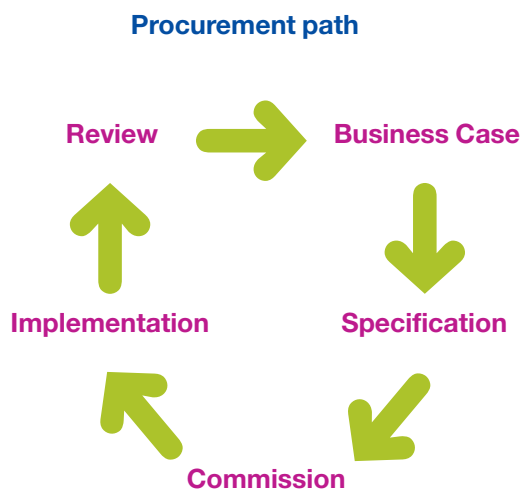
 <http://www.ogc.gov.uk/sdtoolkit>

5 Engaging consultants

For a number of London boroughs professional advice on procurement methods for commissioning consultants will be available from the local authority's procurement teams. However, it is the responsibility of the authority's senior service managers to identify the need for consultancy within the service. Once identified it is also the service manager's responsibility, along with the delivery team to:

- Develop the specification/Terms of Reference.
- Formulate evaluation criteria for the commissioning stage.
- Recommend potential consultants to deliver the assignment.
- Formulate the require outcomes for the delivery (this will form the Acceptance Criteria for the assignment).
- Formulate performance measures for the delivery phase, as appropriate.
- Manage and implement the outcomes.
- Evaluate the performance and quality of the delivery and outcomes against the Specification.

To structure the different elements of an approach to delivering such an assignment the following framework has been adopted. This framework identifies the key elements of the process that need to be considered and how these fit together. The following sections provide guidance on how to approach and successfully complete these various activities.



5.1 BUSINESS JUSTIFICATION/BUSINESS CASE

The Business Case describes the reasons and justification for undertaking the assignment and depending on the size, impact and risk to the local authority this could be a significant set of information. However, for small assignments this could be as little as one page. The development of a sound and robust business case is critical to the successful delivery of any assignment. The business case will include the 'whole life costs' of the delivery against benefits along with an analysis of different options and approaches, the risks and mitigating actions. It will provide the information upon which decisions will be made and will form the basis on which the specification, progress and delivery can be assessed.

→ An example of a Business Case (see appendix 5)

For more information read the following document:

OGC Value for Money Measurement. 2004

After the business case has been developed it will need to be reviewed and approved, at the appropriate organisational level, prior to implementation. An essential element of the approval process will be to allocate and approve the budget to deliver the assignment. This will include the decision of whether to 'make or buy', i.e. is there capacity and capability within the local authority or will expertise need to be sourced externally to deliver the business case outputs? Once the decision to either 'make or buy' has been taken this should be formally documented for audit and control purposes. If the decision is to 'buy' external expertise then this statement should include a description of why this action was necessary and the expected value it will bring to the local authority.

5.1.1 The three rules of thumb for engaging consultants.

1. Be clear about what it is you are buying. In general, you can buy four distinct types of work where you need to involve a consultant in different ways.

Advice

You should get advice when you know the problem but not the solution. For example:

- a team is not delivering its planned quantity or amount of work;
- you do not know what's going wrong; and
- you want to know how to get new services up and running faster.

You can expect to receive a report from the consultant which sets out their:

- findings;
- conclusions; and
- recommendations.

Only hire consultants who are experts in this area. Expect to pay by the day, but negotiate to pay them based on results and when they provide the advice you need.

Delivery

Delivery is when you know the solution, and you are able to plan it quite accurately but do not have the capacity to deliver it. For example:

- You have identified a need for a call centre to take calls for questions on Housing Benefit; and
- You need a rewards system based on performance for all managers of grades F and above.

You can expect to receive the following from the consultant.

- Specific deliverables.
- Real evidence of the consultant's ability and record of performance.

Pay a fixed price based on delivering results or consider a deal to share risk, e.g. based upon the delivery of specified benefits or savings. If achieved the consultant's reward could be a percentage of the savings they have made.

Support to use skills effectively

This is when you have all the skills and knowledge, but need support to make use of them effectively.

For example:

- you want to find out what a department's vision and strategy is;
- you want to know why there are so many

different views on something from employees; or

- you want to know what structure you need to get benefits from e-government.

In this case, you should:

- take up references, from the consultant, where they delivered similar assignments; and
- pay a fixed price for a planned programme of support.

Training

You should buy training when you want to bring new skills to local authorities. Training must lead to staff gaining new skills that can be measured in their work and performance. You should buy training services from suppliers who can tailor a complete programme of training based on competency.

- Pay for a planned programme.

For more complicated consulting, you will need a mix of these services, but the general rules still apply. Know what you need and buy only that. Try to use local and OGC Buying Solutions framework agreements which have been developed to meet the needs of each of the four categories and set out the types of supplier which are most appropriate for meeting the needs in each of the categories.

2. Buy the service that you need from the right supplier. Take advice from your procurement unit on your strategy for doing this. Some local authorities have long-term relationships with a small number of suppliers. This could mean you don't consider new suppliers, which may mean you do not get as much value for money and may have a negative effect on the market.
3. Get the right contract for the service you want and develop and work from a plan based on the delivery of results. Use the plan at all progress meetings. If you have a checklist of targets, you'll identify problems early which will help prevent the assignment from changing without the appropriate approvals ('scope creep'). If you cannot avoid this, you should identify how it affects the assignment's value for money and who will finance the extra costs, and you should make sure you record all decisions and changes using a process for controlling change.

You can find more guidance in the following:

- Determine the Need (see appendix 6)
- Key Readiness Questions (an assessment questionnaire) (see appendix 7)
- Engaging a Consultant: General Guidance (see appendix 8)

The business case will outline the implementation approach to be taken. Within this outline it should be made clear whether the process to engage the consultancy will be the initiation point for the assignment with delivery of the outputs managed as a work package within an assignment, or if the assignment would be initiated once the consultant has been engaged.

The opportunities for drawing on the experience and collaboration with other local authorities and public and private sector partners, which would lead to improvements in value for money and quality, should be explored in the business case. The Knowledge Centre that is being developed by the London Centre of Excellence will provide valuable information and market data on consultancy activity across London local authorities. Details of this are available from the London Centre of Excellence website.

5.1.2 Informed buying

Many local authorities are excellent at procuring commoditised items, but often fall in to difficulties when consultancy and professional services are needed. This can be exacerbated by the preference of consultants to short-circuit the system and use their contacts to negotiate directly with senior managers, by which time the opportunity to apply procurement processes has been undermined.

The answer for procurement people is to be proactive, anticipate the demand for these services, and present senior buyers with good alternatives to the consultants that have networked their route in.

5.2 SPECIFICATION/TERMS OF REFERENCE

The next step in the process of commissioning a consultant is the development of the specification for the delivery of outputs. This is often known as the Terms of Reference. The specification should:

- reflect the ‘whole life’ requirements of the assignment;
- be output/outcomes based;
- focus on how quality and performance can be measured; and
- determine how skills and knowledge, during and at the end of the assignment, will be transferred from the consultant to the local authority.

The business case should be used as an input for developing the specification.

Once the specification has been developed it may be beneficial to invite suppliers to review this and give feedback. This may provide further innovative and creative ideas that could improve the proposed approach.

The specification will provide the rationale for objective and transparent supplier appraisal and contract award criteria to enable shortlisting of quotations/tenders. Enabling the selection of the successful consultant. The following documents provide guidance on how to approach and develop a specification.

- Specification Framework (see appendix 9)
- Specification Checklist (see appendix 10)

5.3 COMMISSIONING SERVICES

EU regulations apply to all procurement of services including consultancy. For information on procurement rules and regulations it is essential that the local authority’s procurement manager and the local authority’s Contract Standing Orders are consulted to ensure the correct procurement process and rules are adhered to.

For more information on EU regulations, read the following document:

-  **OGC EU Procurement Guidance: Introduction to EU procurement rules - updated 2006**

5.3.1 Effective negotiation

Effective negotiation is a key skill that will need to be employed through any procurement process. These skills will generally be called upon during the commissioning process but if circumstances change during the lifecycle of the assignment some further renegotiation may be required. This is an area where significant cost reductions and cost avoidance can be achieved. These include:

- Number of consultancy days required to deliver the assignment by task and by individual.
- Consultant daily rates.
- Level of contingency on cost (some consultants include up to 30% for 'slippage').
- Expenses and travel time (avoiding VAT on VAT for expenses).
- Payment schedules, e.g. payments set against deliverables.
- Skill and level of expertise required.
- Use of subcontractors paying particular attention to margins.
- Confirmation and meeting the consultants who will be working on the assignment prior to start. (The consultancy representative who negotiates the contract may not be working on the assignment.)
- Confirmation of the consultants' understanding of requirement to avoid 'scope creep' and timescale slippage.
- Whether and how much previous and or similar work from other clients will be utilised in the delivery of the assignment.
- Ownership of copyright/Intellectual Property Rights (IPR) and ability to share outcomes with other public sector bodies.
- Quality criteria for deliverables.
- Consultant performance criteria and measurement.
- Levels of insurance, e.g. professional indemnity.
- Allocation of risks, e.g. liquidated damages clause in the event of failure to deliver.
- Communication and reporting procedures.

- Rules of engagement with the client staff or subject of the assignment.

An individual should ensure that they are appropriately prepared before entering in to any negotiations by having a good understanding and the relevant knowledge of:

- the service requirement;
- the current supplier market; and
- the individual suppliers.

Some of this information will be available from the LCE Consultancy Knowledge Centre available through the LCE website.

For guidance on negotiating effectively, go to:

→ Effective Negotiation (see appendix 11)

5.3.2 Invitation to quote or tender (ITQ/ITT)

The procedure for inviting bids for consultancy services is dependent on the estimated cost and time of the proposed consultancy and the range of suitably qualified consultants who are realistically able to bid for the work. This should also include the consideration of framework agreements which have been established to meet specific requirements and to enable the types of consultancy which is most appropriate for meeting needs in each case.

Once the appropriate procedure, approvals and action has been taken the consultancy specification is issued and consultants are invited to either quote or tender for the work. Typically this will involve the consultant preparing a costed proposal in response to the specification. This will include:

- description of the method and approach to be taken to deliver the outputs of the assignment;
- outline delivery plan and milestones;
- any perceived issues and risks;
- management and quality assurance arrangements;
- resources to be used in delivery; and
- cost and pricing schedule.

Local Authorities should be pragmatic in the type of supporting documentation that they require from consultancies. For routine and lower value assignments the most important requirements are:

- Client list and references from previous clients where similar work has been completed.
- CVs of consultants working on the assignment.
- Professional competence (this will be specific to the skills and experience required and may include membership of professional bodies).
- Professional Indemnity Insurance.
- Public Liability Insurance (as appropriate).

For large more long term and higher value assignments local authorities should also review the following:

- Business accounts (can the contract be resourced).
- A Health and Safety Statement (for technical consultants.)
- An Equal Opportunities Statement.
- Employer's Liability Insurance (dependant on type of organisation engaged).

For examples of a Business Questionnaire, Equal Opportunities and Health and Safety guidance go to documents listed below. These documents are for guidance only, and would need to be customised to meet the specific needs of a particular assignment.

- An example Business Questionnaire (see appendix 12)
- An example Equal Opportunities questionnaire (see appendix 13)
- An example Health and Safety questionnaire (see appendix 14)

Photocopies of these documents should be attached to the original tender document and kept as reference material.

5.3.2.1 Contract terms and conditions

It is essential to send the contract terms and conditions out with the ITQ/ITT. These can be either standard for consultants or adapted to reflect the nature of the assignment. Terms and conditions should be reviewed from both a legal and commercial viewpoint. The consultant's proposal should be included as a schedule within the contract terms and conditions.

The notice or form of contract between the local authority and the selected consultancy should be based on the following:

- the requirements set out in the original specification and contract terms and conditions;
- the delivery proposal of the successful consultancy;
- the content or result of any subsequent correspondence and/or negotiations;
- acceptance procedure, dispute resolution and change management;
- the indemnity, insurance and any other requirements which may need to be fulfilled; and
- any matter warranting special mention (such as ownership of copyright or intellectual property if that needs to be made clear).

The contract should protect the commercial, operational and legal interests of the local authority.

Follow the link below to for guidance on terms and conditions.

- [Model Consultancy Terms and Conditions](#) (see appendix 15)

[Please note that the Model Consultancy Terms and Conditions provide the option to amend, add or delete clauses in connection with "guidance notes" (with the exception of "Health and Safety", c.27). Local authorities should pay attention to them and customise the document to meet the particular needs of the assignment. Guidance notes are inserted in relation to "Price and Payment" (c.4), "Risk and Insurance" (c.10), "Intellectual Property" (c.11), "Status of the Consultant" (c.18), "Disputes" (c.20), "Health and Safety" (c.27).

Remember to delete any guidance notes before sending the document off for signing.]

Invitations should allow sufficient time for bidders to fully develop their proposals and turn them into bids that reflect the authority's requirements. The problems caused as a result of unduly short tender periods include:

- weak competition,
- poorly prepared proposals, and
- inadequate understanding of contract requirements,

the impact of which may not be manifested until after the consultancy commences. When in doubt, it is reasonable to ask several suppliers for the period that they would require in order for them to be able to prepare a bid for the sort of consultancy that is required.

The same conditions, the same opportunities for obtaining information and, as far as practicable, the same information, should be provided to all tenderers. This is important when one or more consultancy seeks clarification on the specification.

The competitive process is the means by which consultants are formally requested to submit a bid for the work. Within the authority, procurement managers can provide support for all aspects of this process.

Consultancies should be able to provide answers to a range of technical and commercial questions. Examples of these questions can be found by following the link below. All responses must be compared on a like for like basis.

- You can find guidance on Tender Questions in appendix 16

5.3.3 Selecting a consultant

A local authority must ensure that any contract is awarded based on an objective and transparent appraisal of a consultant's proposals. The criteria used for the appraisal is the delivery requirements as set out in the Specification. Requirements relating to performance, functionality, implementation and outcomes should have been identified. Commercial and technical aspects of the requirements should be separated and 'weighted' appropriately in order of importance. 'Quality thresholds' should then be identified and assigned to each requirement. Each proposal should then be evaluated against these criteria and scored with the contract being awarded to the highest score. To ensure the delivery of quality

and value for money the decision to award the contract should never be based on the assessment of cost alone.

- Quality and Price Evaluation Mechanism (see appendix 17)
- Selecting a Consultant (see appendix 18)
- Selection Evaluation Model (see appendix 19)
- Award Evaluation Model (see appendix 20)

5.3.4 Award contract

Following the evaluation of quotations/tenders and a decision regarding the award of contract, the authority should refer to its Contract Standing Orders to ensure that the correct award and approval procedure is adopted (e.g. need for Cabinet approval).

5.3.4.1 Consultant debrief

It is good practice to offer a formal debrief to unsuccessful consultancies. This is to help them understand why they were unsuccessful and help them improve for future bids. Again Contract Standing Orders should be consulted.

5.4 SUCCESSFUL DELIVERY

The successful delivery of any assignment is dependent on effective teamworking with, and management of, the consultant. This coupled with good project management and clearly defined outcomes will help to ensure that:

- the consultant delivers the outcome that is required;
- value for money is obtained;
- unnecessary delays and cost overruns are avoided;
- skills and knowledge are transferred; and
- risk is managed.

Sound planning of the management arrangements including a framework for reporting on performance, progress against milestones, delivery against the Acceptance Criteria and implementation will contribute to successful delivery. This may be done through the provision of a quality plan agreed at the start of the assignment between the consultant and the authority.

A team approach between authority and consultants will also bring positive benefits in the form of:

- more effective open and free communication;
- knowledge and skills being transferred promoting new creative and innovative approaches and working from the staff working with consultants; and
- sharing and joint resolution of unforeseen circumstances arising from the assignment.

5.4.1 Termination for default

Poor or misdirected performance of either party should be addressed promptly and before serious damage occurs. If this occurs, the completion of an impact or risk analysis will inform and help determine the most appropriate action. However, unless there are compelling reasons to move quickly towards termination, the termination provisions should not be applied until that avenue is considered the most practical and justifiable option.

5.4.2 Controlling change and constant variation

Variations to the outputs during the assignments progress must be reported without delay and prior approval obtained for any proposed significant changes in work or cost. A clear process should be in place to review and agree such changes. It is not good practice for approval of significant changes in work or cost to be given by employees directly involved in the supervision of the consultant. These decisions should be escalated to the project board and sponsor as appropriate.

You can get more information by following the link below. Also see section 4 Governance and project management

- [Managing Contracts and Performance Checklist \(see appendix 21\)](#)
- [Guidance on Managing Performance \(see appendix 22\)](#)

5.5 POST PROJECT/ASSIGNMENT REVIEW

At the end of the delivery a post project/assignment review must be carried out. This will review the performance of both parties (i.e. local authority and consultant), and ensure that the specified outcomes, value and benefits have been delivered. Delivery should be measured against the requirements that were identified in the business case and specification. The decision to use external expertise should also be evaluated.

The outputs from the review should be formally recorded and used in planning further assignments. Successful assignments can offer models of best practice. Those which encountered serious difficulties are likely to reveal important lessons learned in the form of avoidable situations and problems in future assignments.

While principles of accountability must be observed, the review is best conducted in a non-adversarial manner, recognising achievements and highlighting areas requiring improvement rather than apportioning blame.

It is particularly important to review the performance of the local authority in an impartial manner when there is dissatisfaction about the consultant's performance. This will ensure that the authority is not blind to any lessons from its own actions in the matter.

The areas of interest in reviewing the process may be summarised as follows:

Assignment formulation

- Objectives.
- Planning and management arrangements.
- Specification of need.
- The extent of competition, advertising, timing and related factors.

Assignment outcomes

- The consultant's performance.
- The local authority's performance.
- Extent to which outcomes are achieved.

Factors to take into account when assessing the consultant's performance are:

- Quality of work.

- Timeliness.
- Cost.
- Methodology.
- Working relationships.
- Skills and knowledge transfer achieved.
- Other factors relevant to the assignment.





At this point the date for the post project/assignment review is set and an individual is identified to ensure this is planned and actioned. Between the end of the project/assignment and the review the benefits realisation plan, which was drawn up as part of the PID and monitored through the delivery of the assignment, should be implemented and the delivery of benefits monitored and recorded. The success of delivery will be assessed at the post assignment/project review and the following question should be formally answered: Did we achieve what we set out to achieve?

For more information, read:

 **OGC Managing Benefits: An Overview. 2005**


More guidance and information

For more guidance and information, read the following documents.

-  'Delivering value from consultancy: A common guide for Public Sector clients and suppliers', published by the OGC, MCA and IMA in 2006
-  'Using a consultant', published by Business Link (London) in 2005
-  'Using Consultants in eProcurement Projects - Part 1', published by National eProcurement Project (NePP) in 2006
-  'Using Consultants in eProcurement Projects - Part 2', published by National eProcurement Project (NePP) in 2006

You can also get information and guidance from the following websites.

The Department for Communities and Local Government website,

 www.communities.gov.uk


The Office of Government Commerce (OGC) website at

 www.ogc.gov.uk


(for information and guidance on policies and general information on buying consultants' services). You can use their **successful delivery Toolkit** at

 www.ogc.gov.uk/sdtoolkit/


(for a wide range of information) and the **buying.solutions** section of their website,

 www.ogcbuyingsolutions.gov.uk (for information on buying consultants' services)

Department for Trade and Industry (DTI) website,

 <http://www.dti.gov.uk> (for general information on buying consultants' services)


The Improvement and Development Agency (IDeA) Capacity Building Toolkit at

 www.idea-knowledge.gov.uk (for a wide range of information)


The Institute of Management Consultancy (IMC), a professional organisation, at

 www.imc.co.uk

The Management Consultancies Association (MCA), a professional organisation, at

 www.mca.org.uk

The London Centre of Excellence (LCE) website,

 www.lcpe.gov.uk (for general information on buying consultants' services)

The Chartered Institute of Purchasing and Supply (CIPS), a professional organisation, at

 www.cips.org

The Chartered Institute of Public Finance and Accountancy (CIPFA), a professional organisation, at

 www.cipfa.org.uk

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Lewisham
Merton
Newham
Redbridge
Richmond-upon-Thames
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Tower Hamlets
Westminster

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Improvement and Development Agency
Institute of Management Consultancy
London Contracts and Suppliers Group
London Development Agency
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Office of Government Commerce
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Plain English Campaign

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6 APPENDIX: Commissioning Toolkit for the Procurement of Consultancy and Professional Services

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- 1 Project Initiation Document Template
- 2 Risk Log Template
- 3 Project Issue Template
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- 5 Business Case Template
- 6 Determine The Need
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Project Initiation Document Template

(Only complete the sections that are relevant to the project and will contribute to the management and control)

File Location

Document11

Change History

Ver	Date	Author	RFCs	Description	QR

Project Initiation Document

Purpose

To define the project, to form the basis for its management and the assessment of overall success.

There are two primary uses of the document:

- To ensure that the project has a sound basis before asking the Project Board to make any major commitment to the project
- To act as a base document against which the Project Board and Project Manager can assess progress, change management issues, and ongoing viability questions.

Quality criteria

- Does the document correctly represent the project?
- Does it show a viable, achievable project that is in line with corporate strategy, or overall programme needs?
- Is the project organisation structure complete, with names and titles?
- Have all the roles been considered?
- Does it clearly show a control, reporting and direction regime that is implementable, and appropriate to the scale, business risk and business importance of the project?
- Is the project organisation structure backed up by agreed and signed job descriptions?
- Are the relationships and lines of authority clear?
- Does the project organisation structure need to say to whom the Project Board reports?
- Do the controls cover the needs of the Project Board, Project Manager and Team Managers?
- Do the controls satisfy any delegated assurance requirements?
- Is it clear who will administer each control?

This is your most important document. It contains many of the PRINCE2 products (deliverables). For a large project requiring very detailed planning, consider splitting the PID up into separate documents.

For a project that can be completed in a single stage, the project plan section of the PID should be detailed enough to act as a stage plan for the whole project.

For a project that is split over more than one stage, the PID will contain the high-level project plan for the entire project. A separate, detailed stage plan must be created for the stage following initiation.

The PID is continually updated throughout the project. Dynamic elements are the Initial Business Case, Initial Project Plan and Initial Risk Log sections. The other sections are stable and will not normally require updating after the first version has been agreed and issued.

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Background

Give any useful background information. Identify the sponsor and the source of the undertaking together with any previous reports and documentation that might impact on the project.

If a project brief has been produced, incorporate the background from the project brief and add any further relevant decisions or events.

Many new people will be involved in the project since the project brief was agreed. This section will help the newcomer understand the context in which the project has evolved.

Project Definition

Project Objectives

Define what will be achieved by the project, expressed in measurable terms. It is helpful to identify separate objectives for the project itself (such as what the project has to deliver) and the project outcome (how the business will change by using this product).

Use the objectives from the project brief, if produced. Remember, though, that these may have been refined since first produced.

Project Products

Describe the key products. These are the ones that your customers will be expecting in order to define successful completion. Do not include any interim products unless of particular importance to the customer.

This should be a 'firming up' of the outline project deliverables in the project brief, if produced. But keep it high-level – a bullet list should suffice as the products are described in detail in their product descriptions.

Note that all the products will be included in the plan.

Project Approach

Project Approach

Purpose

To define the type of solution to be developed by the project and/or the method of delivering that solution. It should also identify any environment into which the solution must fit.

Quality criteria

- It must conform to the strategy that relates to the product's operational environment.
- It must be achievable within all known time and cost constraints for the project.

It must be achievable with known technology

Provide a short description, in general terms, of how the project will achieve its objectives. Use the project approach section in the project brief, if produced. The approach chosen will be fully expanded in the initial project plan but it is useful to give a picture here

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to provide context.

Project Scope

Give a textual description of the key business or technical areas, functions and processes to be addressed during the project – what is 'in' and what is 'out'. This is not a list of what will be done – it shows what will be affected. A scoping (or context) diagram can be helpful.

Sometimes you may have to specify areas or pieces of work that are out of scope; especially where there is a reasonable expectation that the work will naturally form part of the project.

Be careful if your project comprises part of a bigger project – define exactly what your part includes.

Remember that if something is within scope then you must have the resources to deal with it and you, the project manager, must handle any issues arising from it. If this is not the case then maybe the item should be considered a dependency.

This section is a refined version of the scope in the project brief, if produced.

Constraints

Mention any constraints that apply to the project. For example:

- Dependencies on other projects.
- Resource levels.
- Budgetary limits.
- Level of disruption to the business.
- Deadlines, for example launch dates or statutory requirements.

Interfaces

Show how the project will interface with other projects or business areas. For example, two projects may be competing for specific testing resources. Or, the project may need to co-ordinate with the sales department. Or, the project may need to interface with a broader programme of initiatives.

You may need to include in this section specific technical (system) interfaces if they are particularly important for your project.

Assumptions

Mention any assumptions made for the project. These are realistic expectations about what will be in place or will happen that you want to highlight to check their validity. Ensure there is a corresponding entry in the risk log.

Project Organisation Structure

List the names and job descriptions of those identified so far as participating in the project. This will probably be just the project board, the project manager, specialist assurance roles and perhaps specialist technicians. Include external company representation.

Use the table below as a guide or replace it with one appropriate for this project. A person may have more than one role. However, a project manager may not have a project board role or the project assurance role.

The project board is accountable for the success of the project.

The Executive has to ensure that the project is value for money, balancing the demands of business, user and supplier.

The senior user role represents the interests of all those who will use the final product(s) of the project.

The senior supplier role represents the interests of those designing, developing, procuring and implementing the project products.

The project board is accountable for the quality of the project. However, the project board members may not have the time (or the expertise) to perform their quality assurance responsibilities. In this case, some or all of the project board may delegate their quality assurance responsibilities to a project assurance role.

Optionally project support may be offered to the project manager – often taking the form of administrative help, support in the use of specialist project management tools and performing configuration librarian duties.

The project manager has the authority to run the project on a day-to-day basis within the constraints laid down by the project board.

Optionally, the project manager may delegate authority and responsibility for the planning and production of certain products to a team manager.

Refer to project management team role definitions in the PRINCE2 manual for details of the specific responsibilities attached to these and other possible roles.

Role	Name
Project Board - Executive	
Project Board - Senior User	
Project Board - Senior Supplier	
Project Assurance	
Project Support	
Project Manager	
Configuration Librarian	

Communication Plan

Communication Plan

Purpose

To define all parties with an interest in the project and the means and frequency of communication between them and the project.

Quality criteria

- Have all the listed derivation sources been checked?
- Have all stakeholders been identified and their communication requirements defined?
- Is there agreement from all interested parties about the content, frequency and method?

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Author: <Name>
Last amended by: <Name>
Owner: <Name>
Date: <dd/mm/yyyy>

- Has a common standard been considered?
- Has time to carry out the identified communications been allowed for in Stage Plans?

Define the key communications that must occur, and with whom, throughout the project. This excludes project management communications such as regular reports to the project board as they are contained elsewhere within the PID. This plan considers all the stakeholders who will need to be informed or to feed back to the project.

Having considered this plan, ensure that the products (such as newsletters or regular memos) are included in the main plan and have responsibility assigned. Do not underestimate the time needed to communicate effectively. Liaise with the project board about the major communications to those outside the project, as it is their area of responsibility.

Use the table below.

Stakeholder

Include users, audit functions, quality assurance, finance, marketing and sales - any person or area in the company (or external) that will be interested in the progress and completion of the project.

Nature of Communication

What sort of information will need to be provided? This may be a very general statement at this point, but will be very specific if relating to a milestone or major delivery. For example, progress update or request input.

Medium

Describe the basic medium – email, bulletin, memo, etc. For a regular, formal communication such as a bulletin, or external communication, such as a press release, you will need a product description as well. Consider if this is a key product, particularly if the project includes a major business process change.

Frequency

State how often each type of communication will take place. This must be incorporated in the full project plan.

Schedule

State when the communication needs to occur, or start and/or complete. Add to the plan.

Stakeholder	Nature of Communication	Medium	Frequency	Schedule

Project Quality Plan

Project Quality Plan

Purpose

The Project Quality Plan is part of the Project Initiation Document.

The purpose is to define the quality techniques and standards to be applied, and the various responsibilities for achieving the required quality levels, during the project.

Quality criteria

- Does the plan clearly define ways in which the customer's quality expectations will be met?
- Are the defined ways sufficient to achieve the required quality?
- Are responsibilities for quality defined up to a level that is independent of the project and Project Manager?
- Does the plan conform to the corporate quality policy?

Explain how the project will meet its quality objectives, including acceptance criteria for the project, customer's quality issues (from the project brief) and for the products. This includes the management systems that will ensure quality is built in, and the testing.

For a large or particularly complex project, consider creating a separate document for the quality plan to ensure you give it due

consideration. If a separate project quality plan is produced, either summarise the contents here or give a reference.

The way you complete the quality plan will depend on your existing working practices: how well established they are; how well they will meet the needs of your project.

Do not use the quality plan for documenting a quality management system!

Consider the needs of your project – if your project is unusual or high risk then you may need to document your approach to quality quite carefully. Otherwise, if you're generally satisfied with your department's working practices then you may find that you do not have to write down very much in the quality plan.

Project Controls

State how management control is to be exercised. Define the reporting and monitoring mechanisms that will be used during the project, including the exception process. At a minimum this will include the regularity of checkpoint and highlight reports, project board meetings, and team meetings.

Initial Business Case

Business Case

Purpose

To document the justification for the undertaking of a project based on the estimated cost of development and implementation against the risks and the anticipated business benefits and savings to be gained. The total business change must be considered, which may be much wider than just the project development cost.

The Business Case is used to say why the forecast effort and time will be worth the expenditure. The Project Board will monitor the ongoing viability of the project against the Business Case.

Quality criteria

- Can the benefits be justified?
- Are the Project Plan and Business Case aligned?
- Are the reasons for the project consistent with corporate or programme strategy?

Explain why the project is being undertaken. Define the benefits that will follow from the project and the costs of doing it.

There may be no business benefits if the change is regulatory – other than compliance – but there will be costs.

Consider creating a separate document for the business case in the following circumstances:

- Your organisation has its own separate standards for business cases and requires a separate document.
- Your organisation reviews and signs off the business case independently of the PID (usually before the PID!) and so it cannot be included in this document.
- Your project is particularly large, complex, or costly so you need to include and explore the issues in more detail.

If you create a separate document, make reference to it here.

Reasons

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Explain the reasons for undertaking the project. For example:

- Business change.
- Technological change.
- Regulatory or statutory change.
- Improvement programme.
- Corporate strategy.

This will be a descriptive paragraph. Avoid rewriting the background.

Options

Provide a brief description of the different options that have been considered for the project. The chosen option should be indicated, with a summary of the reasons for the choice.

Benefits

Financial

Give details of the financial benefits of the project in monetary terms. These figures must be used in the investment appraisal. For example:

- Improved cash flow.
- Reduced stock levels.
- Regulatory compliance.

Explain how the value of the benefits will be measured.

Non-Financial

Describe any other benefits of the project. For example:

- Improved company image.
- Improved staff morale.
- Improved customer response times.

Explain how the non-monetary value of the benefits is to be measured. For example:

- Customer satisfaction survey.
- Reduced staff turnover.

Risks

Provide a summary of the key business risks to the project. Refer to the Risk Log for more detail if necessary.

Cost and Timescale

Give an indication of when the costs are likely to be incurred (such as spread evenly over the project, when a capital purchase needs to be made, or when temporary resources will be brought in). Make sure that this is in step with the costs you've given in the project plan.

Investment Appraisal

Provide a cost benefit analysis of the project to indicate the estimated return on investment. Summarise the costs against the benefits, and point out where the break-even point is (that is, where the benefits returned equals the spend). If the analysis is done on a separate document (for example a standard spreadsheet), give a reference here.

Benefits Realisation Plan

It is most likely that the benefits in the business case will not be realised until well after the end of the project. State here how the benefits will be monitored and realised. A named individual needs to have responsibility for ensuring that the benefit is realised: this is usually the project executive but may also be the senior user or the change manager in a programme.

Benefit	Due	Monitored By	Action Required	Owner

Initial Project Plan

Project Plan

Purpose

The Project Plan is a mandatory plan that provides a statement of how and when a project's objectives are to be achieved, by showing the major products, activities and resources required on the project.

It provides the Business Case with planned project costs, and it identifies the management stages and other major control points.

It is used by the Project Board as a Baseline against which to monitor project progress and cost stage by stage.

Quality criteria

- Is the plan achievable?
- Does it support the rest of the Project Initiation Document?

In this section you need to show to the project board how the project will be achieved.

If the project is particularly large or complex, consider creating a separate document for the plan to allow the right level of detail. If you do so, make reference to it here and summarise the contents.

The plan should reflect the approach stated in the project mandate or project brief.

If your plan requires the project to be split over more than one stage then make sure that you produce a stage plan for the forthcoming stage as well as the project.

If your project is to be completed within a single stage, then your project plan must be sufficiently detailed to enable day to day management control and tracking.

Remember that you will need to show for each of the products referred to in the PID, how and when the activities of the project will occur to produce them.

Plan Description

Give a textual description of the plan and its stages. Give estimated start and end dates for each stage. Show how the stages relate to each other. Describe the main objective for each stage, and the key deliverables.

Project Pre-Requisites and External Dependencies

Document what should be in place at project initiation and which must remain in place for the project to succeed. Explain why.

Record any dependencies that exist between this project and any other work underway. Include both resources (list when they are expected to become available) and external products. External dependencies are those that you have little or no control over.

Planning Assumptions

Explain the assumptions made during the planning. Give reasons for each assumption. For example:

- Availability of staff.
- Estimates based on a resource fully available to the project.
- Time allowed for reviewing a product is n days after delivery.

However, do not include standard, agreed planning assumptions unless they need to be brought to the attention of the project board.

The Project Plan

Gantt Chart

Use a Gantt chart to graphically represent the project, including the stages. This should be at summary level.

Make sure that you show when the major products (listed in section 0) are delivered.
Copy and paste from your project management tool into this document.

Milestone Table

List the milestones. The project board will be using these to monitor progress so should be significant and represent a change in the status of the project. About one per month, averaged over the project. Note the stage to which they belong. Use the table below or adapt as required.

Milestone	Due Date	Stage

Product Breakdown Structure

Product Breakdown Structure

Purpose

To show all products to be developed and quality controlled. To understand the content and function of all products to be developed.

Quality criteria

- Are all external products and project products clearly identified and distinguished?
- Is the PBS consistent with the Product Checklist?
- Are genuine super-products (ie non-bottom level but requiring a separate product description) distinguished from convenient product groupings (memory joggers)?
- Are management and specialist products identified and distinguished?
- Can Product Descriptions for the bottom-level products be written without further decomposition?
- Have enough bottom-level products been identified to meet management control requirements?
- Will all the products identified fulfil the business need?
- Have all quality products been identified that meet the needs of the customer, audit and quality assurance as described in the Project Quality Plan?
- Is the numbering of each product unique and consistent with the level of the product in the hierarchy?
- Has responsibility for the monitoring of the quality of external products been clearly identified?

Provide a diagrammatic representation of the hierarchy of products and their constituent products with the final product(s) at the top. It includes management, specialist (technical) and quality products of the project.

Product Flow Diagram

Product Flow Diagram

Purpose

To show the required sequence of delivery of a plan's products and identify dependencies between those products, including any external products.

A.21.4 Quality criteria

- Are all external products identified and the dependencies understood?
- Are all bottom-level products in the PBS identified on the diagram?
- Are all 'super-products' identified on the PBS shown on the Product Flow Diagram (PFD)?
- Are all products identified in the PFD identified as products in the PBS?
- Are there any products without dependencies?
- Have dependencies been identified at a level suitable to that of the plan of which the PFD is a part?
- Are the dependencies consistent with the derivation fields (from Product Description) of all the products?

Draw a diagram of how products are derived from others. It shows interdependency and sequence.

Product Descriptions

Give definitive descriptions, with quality criteria, of all the key products the project will produce (these are the products listed in section 0). Product descriptions are not required for products that have a standard, for example management products such as an end project report.

These product descriptions should reflect the acceptance criteria (in project brief) and the quality expectations (in the project mandate and project brief).

You may prefer to put the product descriptions into separate documents. If you do so, make reference to the documents here.

Resources

Show the resource requirements, by type over time for each stage – or at least for the next stage and a figure for the whole project.

Only use this table if you are going to track at this level. Remember, in order to track at this level, you will have to get the project team members to use timesheets.

Include the standard chargeout rates for staff in planning assumptions.

Resource	Effort and Cost											
	Stage 1				Stage 2				Stage 3			
	Plan		Actual		Plan		Actual		Plan		Actual	
	Days	£000	Days	£000	Days	£000	Days	£000	Days	£000	Days	£000
Project Management												
Users												
Analysts												

Resource	Effort and Cost											
	Stage 1				Stage 2				Stage 3			
	Plan		Actual		Plan		Actual		Plan		Actual	
	Days	£000	Days	£000	Days	£000	Days	£000	Days	£000	Days	£000
TOTAL												

Financial Budget

Provide a chart or table showing the planned cumulative costs over time with the actual cumulative costs. If you use a separate spreadsheet make reference to it here.

If appropriate, make sure that you include the cost of internal resources as well as external resources.

The costs given here should correspond to the costs you've given in the business case.

Quality Responsibilities

All participants in a project have some responsibility for quality, but some will have special accountability depending on the nature of the products. Identify the key personnel responsible for quality matters. Named individuals may not be required, but give names of department such as compliance department, security officer, IT quality manager.

If customising or adding quality responsibilities to roles for this project, include in the role descriptions in an appendix, or make reference to them here.

Key Product Quality and Acceptance Criteria

Highlight the key product quality criteria. This includes both the key quality criteria for products that will affect acceptance, as well as the key products and their quality criteria.

Show how the key products will be developed in such a way as to satisfy the acceptance criteria in the project brief, and quality issues in the project mandate and project brief. Assign these requirements to the individual products. For example, an acceptance criteria that requires 'easy to amend' tax rates for a transaction, may have 'User maintainable tables for tax rates' as one of the transaction's quality criteria.

You will need to state what the acceptance criteria are here if not clear in the project mandate or project brief, or they have been developed since written.

Note that the full list of quality criteria for each product will be in their related product descriptions.

Tolerances

Describe here how much leeway you have before you need to invoke the exception process (that is, the project is moving so far

out of plan as to need project board action or approval before proceeding). This may be a financial trigger (for example, a tolerance of 5% of total budget) or time (for example, a tolerance of ten elapsed days), a resource tolerance (for example, 10% of initial estimate) or a quality tolerance (for example, number of error-free days of parallel running). Compromise on quality is to be avoided but may be necessary where time or cost is the overriding concern.

Standards

List the technical/specialist standards and quality management standards that must be complied with and reflected in the products. This will include both customer and supplier standards where appropriate.

List here any new standards that need to be developed to support your project. These will be shown on your product flow diagram and reflected in the stage plan, and may need to be covered by quality responsibilities.

Quality Control and Audit Processes

Management

Define the quality management system requirements for quality control and project audit trail of the management products. The main quality control technique for the management products is the quality review.

Technical

Define the quality management system requirements for quality control and audit trail of the technical work. This will include the level of testing and the types of testing to be conducted, unless they are to be documented in a separate test strategy. Standard testing activities will include walkthroughs and peer reviews.

Change Management Procedures

State how changes to the project or its products will be managed – through the PRINCE2 project issues procedures or an existing internal process. State who can authorise changes and who will manage the change budget. Relate this to your quality management system and quality procedures.

Configuration Management Plan

Configuration Management Plan

Purpose

To identify how and by whom the project's products will be controlled and protected.

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Quality criteria

- Responsibilities are clear and understood by both customer and supplier
- The key identifier for project products is defined
- The method and circumstances of version control are clear
- The plan provides the Project Manager with all the product information required

State how configuration management will be handled for the project's products. It must include what products will be configuration managed, how they will be controlled, how the status of the products will be reported, and how they will be verified as being correct.

Refer to interfaces to other configuration management systems. In particular, if the project involves amendments to existing code, refer to the configuration management system that controls the code and documentation of the affected systems (usually the production configuration management). Take care also to document how your configuration management system will interface with any third party's.

Identify the person who will take the role of configuration librarian in the project organisation section.

Tools

A statement of any software tools (or other aids) which will be used to help control quality, filing and configuration management on the project. Only include if you will be using different tools to the standard ones.

Initial Risk Log

Copy the entries from the risk log (you may want to limit these to the key ones for a large or high risk project). Say how you intend to handle them should they materialise.

Explain also how you intend to deal with the consequences of any risks that materialise that is, your contingency plans).

Risk Log Template

Project Issue Template

Project Name:			
Issue Log No.		Date Raised:	
Originator:		Status:	Raised/In Hand/Closed/Rejected
Type of Issue:	Request for Change/Off-Specification/Question/Statement of Concern		
Summary of Issue:			
Impact on Project:			
Severity Assessment:	Very High/High/Medium/Low/Cosmetic		
Action Due:			
Date Due:		Action Owner:	
Action Taken:			
Date Closed:		Closing Authority:	
		Sign:	

Issue Log Template

Business Case Template

(Only complete the sections that are relevant to the project and will contribute to the management and control)

File Location

Document1

Change History

Version	Date	Author	Reasons for Change	Description	Quality Review

Business Case

Purpose

To document the justification for the undertaking of a project/assignment based on the estimated cost of development and implementation against the risks and the anticipated business benefits and savings to be gained. The total business change must be considered, which may be much wider than just the project development cost.

The Business Case is used to say why the forecast effort and time will be worth the expenditure. The Project Board will monitor the ongoing viability of the project/assignment against the Business Case.

Quality criteria

- Can the benefits be justified?
- Are the Project Plan and Business Case aligned?
- Are the reasons for the project consistent with organisation business and/or programme strategy?

The Business Case describes the reasons and justification for undertaking the project/assignment and is therefore the most important set of project information. It drives project decisions and is continually used to check the project/assignment's progress against business objectives.

The Business Case is developed at the start of the project/assignment and is maintained throughout the project.

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1 RATIONALE

1.1 Background

Give any useful background information. Identify the sponsor and the source of the assignment, together with any previous reports and documentation that might impact on the assignment.
This section will help with the understanding of the context in which the assignment has evolved.

1.2 Strategic Fit

Explain the reasons for undertaking the assignment and how it fits with the strategic objectives of the organisation. For example:

- Business change.
- Technological change.
- Regulatory or statutory change.
- Improvement programme.
- Corporate strategy.

Questions to be addressed in this section:

- How well does the proposed way of meeting the requirement support the organisation's objectives and current priorities?
- If it is a poor fit, can the scope be changed?
- Is the project needed at all?
- Have the stakeholders made a commitment to the project?

This will be a descriptive section. Avoid rewriting the background.

1.3 Stakeholders

Identify the people for whom the work will be done – the customer (who gets the overall benefit), user (who will actually use the products) and any known interested parties (for example, regulatory bodies).

1.4 Constraints

Summarise the main constraints, such as the willingness of senior management to absorb fundamental business change, the affordability of proposals, existing contractual commitments, restrictions on time, resources, impacts or ways of executing the project, and/or the eventual outcome.

1.5 Interfaces & Dependencies

Outline the internal and external factors upon which the successful delivery of this project are dependent, such as other projects and programmes already underway. List any projects, products or processes with which this proposed project and its products may have to fit.

2 OPTIONS APPRAISAL

Provide a description of the different options that have been considered to meet the business need. This should include a cost/benefit analysis for each option [at least 3 options should be considered]. The chosen option should be indicated, with a summary of the reasons for the choice.

Questions to be addressed in this section:

- Has a wide range of options been explored?
- Have innovative approaches been considered and/or collaboration with others?
- If not, why not?
- Has the optimum balance of cost, benefit and risk been identified? If not, what trade-offs need to be made e.g. foregoing some of the benefits in order to keep costs within budget; taking carefully considered risks to achieve more substantial benefits?

2.1 Benefits

2.1.1 Financial

Give details of the financial benefits of the project/assignment in monetary terms. These figures must be used in the investment appraisal. For example:

- Improved revenue flow.
- Reduced stock levels.
- Regulatory compliance.

Explain how the value of the benefits will be measured.

2.1.2 Non-Financial

Describe any other benefits of the project/assignment. For example:

- Improved service delivery.
- Improved staff morale.
- Improved customer response times.

Explain how the non-monetary value of the benefits is to be measured. For example:

- Customer satisfaction survey.
- Reduced staff turnover.

3 COSTS & INVESTMENT

3.1 Investment Appraisal

Provide a cost benefit analysis of the project/assignment to indicate the estimated return on investment. Summarise the costs against the benefits, and point out where the break-even point is (that is, where the benefits returned equals the spend).

Questions to be addressed in this section:

- Can value for money be achieved from the proposed sources and approach?
- If not can the project/assignment be made attractive to a wider audience (ie. partners)

3.2 Affordability & Timescales

Give a statement of available funding and broad estimates of projected whole-life cost of project, including departmental costs (where applicable).

Give an indication of when the costs are likely to be incurred (such as spread evenly over the project, when a capital purchase needs to be made. Make sure that this is in step with the costs you've given in the project plan

Questions to be addressed in this section:

- Can the required budget be obtained to deliver the whole project?
- If not, can the scope be reduced or delivered over a longer period?
- Could funding be sought from other sources?

4 ACHIEVABILITY

Identify the skills and experience required to delivery the desired outcomes. Include an outline contingency plan to address any failure to deliver. Outline the proposed procurement strategy/approach and sourcing options.

Questions to be addressed in this section:

- Can this project be achieved with the organisation's current capability and capacity?
- If not, how can the required capability be acquired?
- Can the risks be managed – e.g. scale, complexity, uncertainty?
- Does the scope or timescale need to change?

4.1 Outline Plan

State here, at a very high level, provisional project timeframe to achieve the desired outcomes, with key milestones and major dependencies.

4.2 Risks

Provide a summary of the key risks to the project/assignment and an outline plan for managing them.

4.3 Authority & Responsibility

Identify the governance structure with the key roles and responsibilities and named individuals.

5 BENEFITS REALISATION PLAN

It is most likely that the benefits in the business case will not be realised until well after the end of the project/assignment. State here how the benefits will be monitored and realised. A named individual needs to have responsibility for ensuring that the benefit is realised: this is usually the Senior Responsible Owner but may also be the business change manager in a programme.

A benefits realisation plan may not be required if the project/assignment is part of a managed programme.

Benefit	Due	Monitored By	Action Required	Owner

Determine the Need

Determining the need to engage a consultant.

Action to select and engage a consultant should be started only when there is clarity concerning:

- the unavailability of appropriate staff or other critical resources in-house, or it is more expensive to do the work in-house.
- the unavailability or inappropriateness of other possible avenues.
- the contribution the consultancy will make to corporate, government or your own aims and objectives.
- particular problem or issue which are a speciality of the consultancy.
- the work and output expected from the consultant, and the benefits expected.
- the cost.

NB. *The costs involved in specification preparation, briefing, tender evaluation, engagement, assisting and supervising the consultants should be estimated in monetary value and or in time terms (such as person days / hours) and identified separately in the statement of estimated costs. Calculation of such costs enables a realistic appreciation of likely project costs for comparison against the expected benefits.*

The use of consultants does not remove the individual of their responsibility for the successful outcomes of the project. Consultants do not provide risk avoidance if projects are not successful. Effective oversight management of the consultant and the project is essential.

In the main, consultants should be used to:

- provide validation or challenge internal work.
- fill a gap where skills and expertise are not available in house.
- provide the necessary input and validation for high value or high-risk projects.
- bring an external perspective where such a perspective adds value.
- transfer appropriate skills and knowledge related to the delivery of the assignment to support the building of capacity within the organisation

Key Readiness Questions

Key Readiness Questions

To assess whether the right systems are in place and your readiness to proceed complete this questionnaire.

Answer **Yes** or **No** to each question. Evaluate you score on the last page.

1	To find out if your department's need for external professional services have been clearly identified and specified.	Yes	No
	Has the need for professional services been rigorously assessed and checked that it cannot be properly met internally?		
	Has the need been clearly defined?		
	Are you able to brief all those who will be invited to tender about what the work will involve?		
	Are you able to provide the department and the consultant with clear and detailed information on the outcomes required?		
	Is payment of the consultant based on achievement and or delivery against Key Performance Indicators, milestones or outcomes?		

2	To find out if your department's approach to negotiations is astute and robust.	Yes	No
	Are discounts negotiated for high-volume work or where there are opportunities to carry out repeat work?		
	Will the department question whether and how much travel and subsistence costs are to be reimbursed?		
	Is a plan in place that will ensure that the consultant is providing a cost-effective service (for example, changing the mix and cost of the staff who they allocate to perform specific tasks)?		
	Is your department able to oversee that cost-effective staffing happens in reality?		
	Is the trade-off between cost, time and quality reviewed (for example where work is not time critical taking a little longer to complete so as to improve quality)?		
	Has the ownership of intellectual property rights been considered and negotiated?		
	Has your organisation's professional procurement staff been involved in the negotiations with all possible suppliers?		

3	To check if the opportunities for internal and external collaboration with other departments has been explored fully.	Yes	No

Does the department regularly identify and review their likely requirement to purchase professional services over the coming six months to a year (such as posting vacancies on the Knowledge Centre or by visiting the Centre of Excellence Knowledge Centre?		
Is information on what professional assistance and advice has been commissioned readily available throughout the department on its Intranet and is it easily accessible (such as posted on the KC)?		
Are staff aware of the possibilities and the opportunities for joint purchasing of similar services between boroughs and departments or of the pooling of information to get better deals (by posting work specifications on the KC, or visiting the site for information.)?		
Has the department questioned the justification for repeat business when the results and advice arising from earlier assignments are available (posted on the KC) within the organisation, another department or with another borough?		

4	To check if the department has management information on suppliers' and the departments' performance.	Yes	No
	Is the information which is needed to assess suppliers' performance determined at the beginning of the assignment?		
	Are regular evaluations of the suppliers' and the department's performance undertaken once an assignment has started, and are these posted on the KC?		
	Has the department considered linking suppliers' remuneration to achieved performance where this is cost-effective (while ensuring that reliable and unbiased data is available to demonstrate performance)?		
	Are the lessons learned from evaluations disseminated within the department, to other departments and boroughs and implemented by staff (such as by posting the details on the KC)?		

5	To check if the department using the most appropriate and cost-effective form of procurement	Yes	No
	Is the form of procurement appropriate to the department's business needs, taking account of the intended outcomes and the volume, value and urgency of the requirement?		
	Have the internal processing costs been taken into account in determining the appropriate form of procurement?		
	Do the forms of procurement selected provide sufficient competition and comply with European Communities' Regulations?		

6	To check if the department is disseminating good practice and guidance to those responsible for procurement.	Yes	No
	Are staff aware of good practice and the tangible benefits it can achieve (do they check the Knowledge Centre regularly)?		
	Has the department considered appointing 'champions' - senior managers who will promote improvements in procurement practice and liaise with key suppliers?		
	Does the department access an electronic database of good practice which includes practical examples to which staff can refer? Does the department monitor its compliance with good practice and investigate when this does not happen?		
	Does the department maximise the opportunities offered by government wide arrangements e.g. OGC, to achieve value for money from expenditure on professional services?		
	Has the department taken appropriate steps to ensure that its agencies and suppliers are implementing good practice and guidance?		

KEY

All **Yes** answers

You are ready to recruit, however a quick read of this Toolkit may provide additional information that will reinforce your existing good practice.

If **No** answers

Look at each of your **NO** answers and decide what it is that you need to do differently. This Toolkit can help.

Engaging a Consultant

General Guidance

Consultancy Engagement

General Guidance

The Institute of Management Consultancy has developed guidance in the form of “Ten Golden Rules” to inform those wishing to engage consultants. Additional information has been added to enhance guidance and while not prescriptive, will guide you towards making an informed decision and thus to the successful completion of your project/assignment.

Specification

Clearly define the objectives that you hope to achieve.

- Ensure there is an authorised business case that takes account of the whole life cycle spend and identifies sources of funding.
- Describe the job that you want done and specify the things that you expect to see from the project.
- Understand precisely how your business will benefit from the work.
- Decide on the timescale, scope and any constraints on the project.
- Clarify your own role, which key staff will be involved, and how their time will be made available.

Consult with others in your organisation to agree those objectives.

- Consult with appropriate fellow directors and managers on the nature of the problem.
- Engage your procurement team to advice on procurement process and meeting the need.
- Jointly define your specific needs for the expertise you want – i.e. is it a systems, human or skills solution that you need?
- You may require frequent or irregular "hand holding" discussions and or counselling sessions with a management consultant rather than a defined project. When selecting this style of assistance - make sure that you have a written fee quote and agree the terms of reference.

Commission

Short-list no more than three consultants, and ask them to provide written proposals.

- Make sure you only ask consultants to quote for work that they are qualified to carry out.
- Ask potential consultants to send you basic information about themselves and to meet with you to talk about your needs - without charge.
- Invite the consultancies to submit written proposals, which should include:
 - their understanding of the problem.

-
- the brief.
 - names and CVs of the consultant(s) who will do the work.
 - experience of the firm.
 - names and contact details of references.
 - other support provided by the firm.
 - work plan and timeshare - Reports and/or systems that will be supplied to you.
 - fees, expenses and schedules of payment.
 - the inputs required from you.

Brief the consultants properly.

- Prepare a concise brief which clearly defines the objectives, scope, timescale, reporting procedure and constraints of the project and agree it with others in your organisation that will have an influence on the outcome of the project.
- Remember that the cheapest quote will not necessarily give the best value for money and your preferred consultant(s) fees may be negotiable.
- If appropriate link fees to performance and targets.

See the individual consultant who will do the job and make sure that the 'chemistry' is right.

- Successful consultancy requires goodwill in human communications. Meet the consultant(s) who will be doing the job and brief them well, using the written brief and any background information you or they think necessary.
- Talk through your chosen proposal with the consultant before making a final decision, ensure that you have all your concerns answered. If you are not happy with any aspects of the proposal do not feel pressured into accepting them. Continue discussions with the consultant until full agreement on the proposal can be reached.
- Select the firm or individual that you feel has the best qualifications and experience and who you feel you can work with comfortably.

Ask for references from the chosen consultant(s) and follow them up.

- Ask the firm or individual chosen for names or written references from former clients in order to verify the consultants' suitability for the assignment.
- Ask for references from clients for whom they had delivered similar projects.
- Agree what you will do in the event of having an unsatisfactory reference check back.

Review and agree a written contract before the assignment starts.

- Send this with the specification and make it clear that this form the basis of the agreement.

Deliver

Be involved and in touch during the assignment.

- Using consultants effectively demands a commitment of time as well as money by the organisation.
- Remember that you must keep in touch with the progress of the assignment if you are to get the most from it. Consultants are likely to be cost-effective when working to an agreed programme and timescale. Make sure that there are regular progress meetings and that the consultant keeps you fully briefed on progress against the programme.
- If you don't understand the system they are using, ensure that they explain it to you in words that you can understand. If you and your team develop project management skills in the process this effectively becomes part of the skills transfer that is so much an additional value when you "get the consultants in". If you cannot understand their system, use your own, what ever you do, stay in control.
- To implement the recommendations it is often most cost effective to involve the consultant(s) together with your management.
- If you and your staff need to provide input, make sure that you do it within the agreed timescale. Extra costs may be incurred if you hold up the progress of the assignment. Consultancy requires an investment not only in fees but also in client time.
- Assignments are usually most effective when the work is done on the client's premises. Make sure you can provide suitable office space and administrative support for the consultants.
- Involve your staff in the assignment as early as possible to ensure that they "own" the recommendations and will have an interest in the results. How you manage the consultant will impact on how your team perceive, and thus how they embed, the results of the project.
- Assignments are often most effective when run by a joint team of consultants and staff and when the contents of the consultant's report are agreed with the staff at a progress meeting.

Ensure that the consultant does not save surprises for the final report.

- The consultant's report is often their most tangible 'deliverable'; but it must be in a format which is beneficial to you. If necessary, ask the consultant to produce a draft report so that you can discuss their findings and recommendations with some of your colleagues before the final report is produced.
- If a report isn't what you want from your consultant, make sure that you specify this in the post project discussions that it is clearly shown in the terms and conditions, and in the setting of outcomes, key performance indicators and milestones.
- The final report should contain no surprises. If there are confidential or contentious issues, ask for these to be put into a private letter rather than in the

report itself. Make sure the report is written in a way you and your staff can understand and use it. Tell the consultant if you are not happy with it.

- Ask the consultant to make a presentation to you and your colleagues, if this will help discussion on its conclusions.
- You should note, however, that some assignments will not result in a written report. If this is the case, make sure you understand what the deliverable will be before the assignment starts.

Implement the recommendations and involve your management as well as the consultant.

- Using your management team to implement recommendations will provide a cost effective approach that will enable staff and managers to embed change.
- If you need the management consultant to help with the implementation get a written fee quotation and proposal for any implementation work, even if it follows directly from an assignment. However, avoid the pitfalls that allow the consultant to shape the deliverables in such a way that they (the consultant) become the obvious person to help the organisation embed the outcomes.

Review

Review with all parties' their performance in the delivery of the project/assignment.

- Use the targets and milestone to inform this process
- Record lessons learnt and share this with all parties

Set the date for a post project/assignment review.

- Ensure that the benefits realisation plan is in place and being monitored

Specification Framework

(Only complete the sections that are relevant to the project and will contribute to the management and control)

Specification Framework

[Source: OGC Successful Delivery Toolkit™]

Introduction

This section gives suppliers an introduction to the department and explains the purpose of the Specification. Things to include are:

- an introduction to customer organisation;
- an introduction to the specification, its purpose and composition;
- disclaimers, caveats etc.

Scope

This section sets out the broad scope of the procurement, it covers:

- what is included;
- what is excluded;
- what is optional: extensions for which proposals will be considered;
- treatment of assets, and staff where TUPE transfers are anticipated

Background to the requirement

This section provides background information to help suppliers see the requirements in context. Subjects to cover can include:

- an overview of the business of the organisation including an outline of the business strategy and the role of this procurement in it;
- an overview of business objectives relevant to procurement;
- the objectives of the procurement;
- history relevant to procurement - recent developments;
- description of the business activities in the area affected by procurement for example:
 - business functions and processes
 - organisation and staffing: roles and responsibilities
 - Stakeholders
 - information flows
 - current service support
 - quantitative aspects of current operations;
- future developments relevant to procurement;
- policies, standards;
- objectives of PFI for procurement (where relevant).

The Requirements

This section sets out the detailed requirements the supplier is to meet. Try to keep background and supporting material separate from requirements, and ideally in the previous section to make the requirements easy to find.

Requirements are often classified as:

- 'Mandatory' – essential requirements that suppliers must meet
- 'Desirable' – requirements that whilst bringing benefits are not essential

-
- 'Information' – requirements that request information from the supplier typically for evaluation purposes, but which are not transferred to the contract.

Ensure mandatory requirements really are essential, because suppliers can be rejected for failing to meet them. Mandatory requirements can be paired with desirable ones: the mandatory requirement sets out the basic requirement, the desirable expands on it, or specifies higher performance. If using desirable requirements consider how these will be evaluated. In some cases meeting desirable requirements is a quality issue and would be handled by the scoring system used in qualitative evaluation. In other cases, if a desirable requirement is not met the organisation will need to provide the function itself, or obtain it from a third party. The cost of obtaining the function should therefore be determined and included in the financial evaluation. The section is usually subdivided to cover different sorts of requirements.

Functional Requirements

This section defines the task or desired result usually by focusing on what is to be achieved, not by describing the way it is to be achieved. This challenges suppliers to use their skills and develop smart, creative solutions. There are some cases however where it may be appropriate to specify particular types of equipment, provide drawings or in the case of clothing or textiles, sealed patterns, but this should as far as possible be avoided. Specifying requirements in terms of outputs or functions gives potential suppliers the opportunity to propose innovative solutions (or simply be more creative in their proposals), and also means the responsibility for ensuring the solution meets the requirement rests with the supplier rather than the customer.

Use a heading structure that subdivides the requirement into logical areas that map onto the evaluation model.

Performance Requirements

Specifies the performance required of the solution by setting out details of inputs and outputs. Example performance measures are:

- throughput – the volume of inputs that can be handled within a specified time;
- accuracy – the number of outputs that are error free (usually expressed as a percentage);
- availability – the time the solution is able to be used as a percentage of the time is supposed to be able to be used.

Some performance measures are easily defined by reference to existing operations, SLAs etc. Where this is not the case they need to be defined with users and can be informed by benchmarking information. It is important to set performance measures at the right level:

- too high and they can be costly: the cost of meeting the higher performance level can be higher than the additional benefit obtained;
- too low and users' expectations will not be met, and there may be a detrimental effect on the business.

For procurements following the negotiated route it can be beneficial to explore performance measures and the cost of different levels of service with suppliers. In this case the requirements in the specification should be indicative rather than fixed.

Other Requirements

- Security
- Describe any specific security requirements appropriate to the requirement.
- Standards
Set out any standards relating to the goods or services being procured, for example health and safety, electrical etc. However take care when requiring conformance to standards, as the European Commission believes that organisations should consider any proposal that provides technical equivalence to, if not conformity with, the standard. As a rule of thumb, contracting authorities must therefore:
 - specify by reference to national standards which implement European standards, or other European specifications, where relevant; and
 - consider offers which purport to offer equivalent functionality or performance even though they do not conform to the standard in question. The burden of proving technical equivalence in this case will fall on the supplier.
- Training

Constraints

Include here any requirements that may constrain the supplier's solution. Examples include:

- timing considerations (e.g. cannot start before, or must be complete by);
- needing to interwork with other suppliers;
- needing to interface with other organisations' IT systems.

Implementation Requirements

This section covers requirements for the period between awarding the contract and the entry of the goods or services into use, and includes acceptance.

In complex procurements it can be useful to request information on methodologies and processes the supplier will use in implementing its solution such as:

- project management
- risk and issue management
- in IT projects, application development

Contract/service management Requirements

Any requirements covering contract/service management, for example:

- management information
- change management

Procurement and contractual requirements

These requirements are different to others in that they relate to the procurement process, not the resulting contract with the successful supplier. Things to consider include:

- expected nature of contracts - proposed terms and conditions;
- opportunities for suggesting different contract scopes;
- proposed arrangements for management of service contracts;

-
- roles and responsibilities.

Procurement procedures

This section provides the suppliers with information on the remainder of the procurement process. Areas to cover include:

- Procurement timetable – whilst every effort should be made to present an accurate, achievable timetable and subsequently follow it, events may cause deviation from it. The organisation should therefore make it clear that the timetable is not binding and may be changed if circumstances so dictate. Suppliers should be notified as soon as practicable of any changes as they can impact on their costs.
- Evaluation criteria and process. This should be consistent with the evaluation strategy and with information on evaluation criteria set out in the OJEU notice.
- Contact(s) for further information. This may be a single contact point, or there may be one for procurement and contractual matters and another for queries relating to the detail of the requirement. Ensure these are staffed so that suppliers get a timely response to queries.

Format and content of responses

This section sets out how suppliers are to respond to the Specification. It is important to be clear on what is required to:

- help suppliers new to the government market to understand what they have to do;
- minimise queries from suppliers;
- facilitate the evaluation process by ensuring responses map onto the evaluation model.

The ITT or request for proposal documentation will also provide information for suppliers which does not need to be duplicated here.

A typical layout for a proposal is shown below:

Management Summary describing the scope covered and giving a resume of the proposal, highlighting the benefits of the proposed solution, and a summary of total costs.

Understanding of requirements concisely setting out the supplier's view of the requirement, and the overall aims of the procurement gained from the specification and any involvement in the procurement to date.

Response to requirements – sets out the response to each of the requirements in the requirements section of the specification. Suppliers should be told to:

- respond to requirements individually in full, explaining how they are met (not simply stating 'met');
- use same headings and paragraph numbering as the specification to aid evaluation
- Costs – set out how the supplier is to present cost information.
- Further information - Any other information that suppliers wish to add.

Annexes

- Supporting information that can include:
- details of business activities
- business facts and figures
- organisational details
- details of current services, technical environment.

Specification Checklists

Specification Checklists

[Source: OGC Successful Delivery Toolkit™]

Drafting checklist

- use simple language, avoid using jargon;
- define terms, symbols and acronyms;
- do not expect the specification to be read by experts; write it so that a layman will understand;
- use a logical structure;
- be as concise as possible, but keep the meaning clear;
- plan and analyse your needs;
- arrange the components of the requirement into a logical form matching the evaluation model; a good way of doing this is to set out a skeleton structure with the main headings and then add in sub-headings as necessary;
- do not embed requirements in background information – suppliers may miss them – keep requirements in their own sections;
- list the most important elements of the requirement first and work through to the least important; and
- discuss the requirement with colleagues, other users and procurement staff. During this process you may also identify other topics you need to include.

Review Checklist

A good specification should:

- state the requirement specification completely, clearly, concisely, logically and unambiguously;
- focus on outputs not how they are to be met;
- contain enough information for potential suppliers to decide and cost the goods or services they will offer, or in the case of negotiated route arrive at realistic budgetary costs;
- permit offered goods or services to be evaluated against defined criteria by examination, trial, test or documentation;
- state the criteria for acceptance by examination, trial, test or documentation;
- contain only the essential features or characteristics of the requirement;
- provide equal opportunity for all potential suppliers to offer a product or service which satisfies the needs of the user and which may incorporate alternative technical solutions; and comply with any legal obligations e.g. under UK law, EC Directive on Government procurement.

A good specification should not:

- over-specify requirements
 - contain features that directly or indirectly discriminate in favour of, or against, any supplier, product, process or source. Discrimination on grounds of
-

nationality is illegal in the EC, contrary to the GATT Agreement, where applicable, and may not achieve value for money

Effective Negotiation

Effective Negotiation

Issues to consider

‘Negotiation is the back-and-forth communication designed to reach an agreement when you and the other side have some interest that are shared and others that are opposed’

‘Getting to Yes’ R. Fisher & W. Ury

Effective negotiation is a key skill that will need to be employed through any procurement process. These skills will generally be called upon during the commissioning process but if circumstances change during the lifecycle of the assignment some renegotiation may be required.

A number of areas will need to be negotiated during the commissioning process. To a degree these will be determined by the delivery approach and outputs of the assignment. An individual should ensure that they are appropriately prepared by gaining a good understanding and knowledge of the service requirement, the current supplier market and the individual suppliers.

One area of negotiation that will be common is the total cost of the assignment. Consultancy and professional service provider cost assignments depending on a number of factors. These will include:

- o service area
- o commissioning organisation
- o level of skill & experience required
- o numbers of individuals required to complete assignment
- o duration of time to complete assignment
- o materials that will need to be develop
- o previously developed materials that can be employed
- o equipment required
- o expenses and travel required
- o support & administration

With all these factor to consider there should be opportunities to negotiate the delivery cost to ensure that the assignment provides value for money. If it helps your understanding ask for a detailed break down of the cost and ensure you are clear what you are buying and that it is what you require.

The table below gives an illustration of consultancy roles against the typical experience of these individuals. This will help with understanding the level of skill you are buying and whether this is appropriate for the delivery of the assignment.

Consultancy roles against experience

Typical Title	Typical Role	Typical Experience
Senior Partner Vice-President Executive Director	Leadership and interface with executive board	Minimum of 7 yrs and 20 project managements in strategic/management consulting; subject matter expert (SME) in field; post graduate degree

Typical Title	Typical Role	Typical Experience
Partner Principal, Director Executive Consultant	Leadership and interface with senior management	Minimum of 5 yrs and 10 project managements in strategic/management consulting or blue chip executive experience; subject matter expert (SME) in field; major university graduate degree.
Senior Manager Managing Consultant Principal Consultant Associate Director	Stream leadership and content expertise, process and strategy consultancy	Minimum of 3 yrs and 5 project stream leaderships or senior blue chip senior management experience; functional and sector know-how
Senior Consultant Manager Project Manager	Stream management and content expertise in support roles	Minimum of three years consulting or six years industry experience in relevant areas, including management.
Consultant	Support work on process and organisational design; leads workshops and events	Minimum of one years consulting experience or four years industry experience in relevant areas; business diploma or degree;
Analyst	Assists facilitation; writes reports; collects and collates data	Business diploma or degree
Administrative Support	Transcribes notes; prepares PowerPoint demos	Office IT skills

Effective Negotiation

Practical guidance & skills

The Skilled Negotiator

- Gets Wise Agreements
 - Meets the legitimate interests of both sides to the extent possible
 - Resolves conflicting interests fairly
 - Is durable
 - takes 'community interest' in to account
- Gets Effective Implementation
- Builds and develops relationships

.....through negotiation towards joint problem solving

Don't Bargain Over Positions

Positional Bargaining

- Damages relationships
- Destroys credibility
- Is inefficient
- Produces unwise agreements

Therefore:

Focus on reconciling interests, not positions

- Represent your needs
- Investigate the needs
- Hold back solutions until there is a clear basis for a mutually acceptable proposal

Principled Negotiation

- Focus on interests, not position
- Separate the people from the problem
- Invent options for mutual gain
- Insist on objective criteria

Remember:

- Being nice is not enough
- Being tough is not enough
- Being logical is not enough

Problem	Solution
Position Bargaining: Which game should you play?	Change the game negotiate on the merits

SOFT	HARD	PRINCIPLED
Participants are friends	Participants are adversaries	Participants are problem-solvers
The goal is agreement	The goal is victory	The goal is a wise outcome reached efficiently and amicably
Make concessions to cultivate the relationship	Demand concessions as a condition of the relationship	Separate the people from the problem
Be soft on the people and the problem	Be hard on the people and the problem	Be sensitive to the people, resolute with the problem
Trust others	Distrust others	Be wholly trustworthy and trust wisely. Build trust through what you do
Change your position easily	Dig in to your position	Focus on interests, not positions
Make offers	Make treats	Explore interests
Disclose your bottom line	Mislead as to your bottom line	Know your best alternative to a negotiated agreement
Accept one-sided losses to reach agreement	Demand one-sided gains as the price of agreement	Invent options for mutual gain
Search for the single answer: the one they will accept	Search for the single answer: the one you will accept	Develop multiple options to choose from; decide later
Insist on agreement	Insist on your position	Insist on objective criteria
Try to avoid a contest of will	Try to win a contest of will	Try to reach a result based on standards independent of will
Yield your position	Apply pressure	Reason and be open to reasons. Yield to principle not pressure

Relationship Planning

Put yourself in their shoes

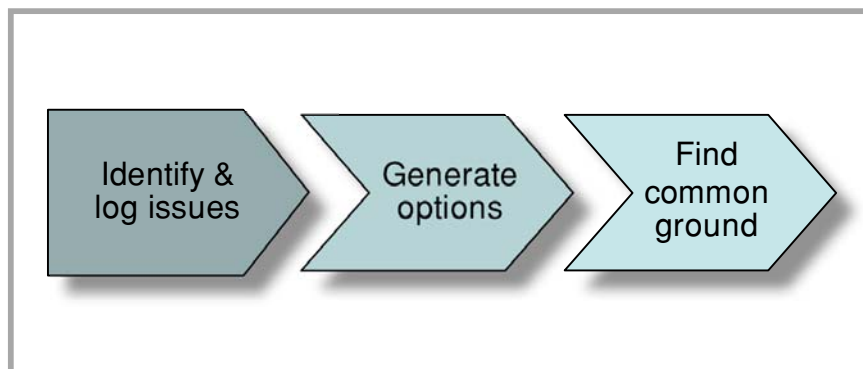
As useful as looking for objective reality can be, it is ultimately the reality as each side sees it that constitutes the problem in a negotiation and opens the way to a solution.

The ability to see the solution as the other side sees it, as difficult as it may be, is one of the most important skills a negotiator can possess. It is not enough to know that they see things differently. If you want to influence them, you also need to

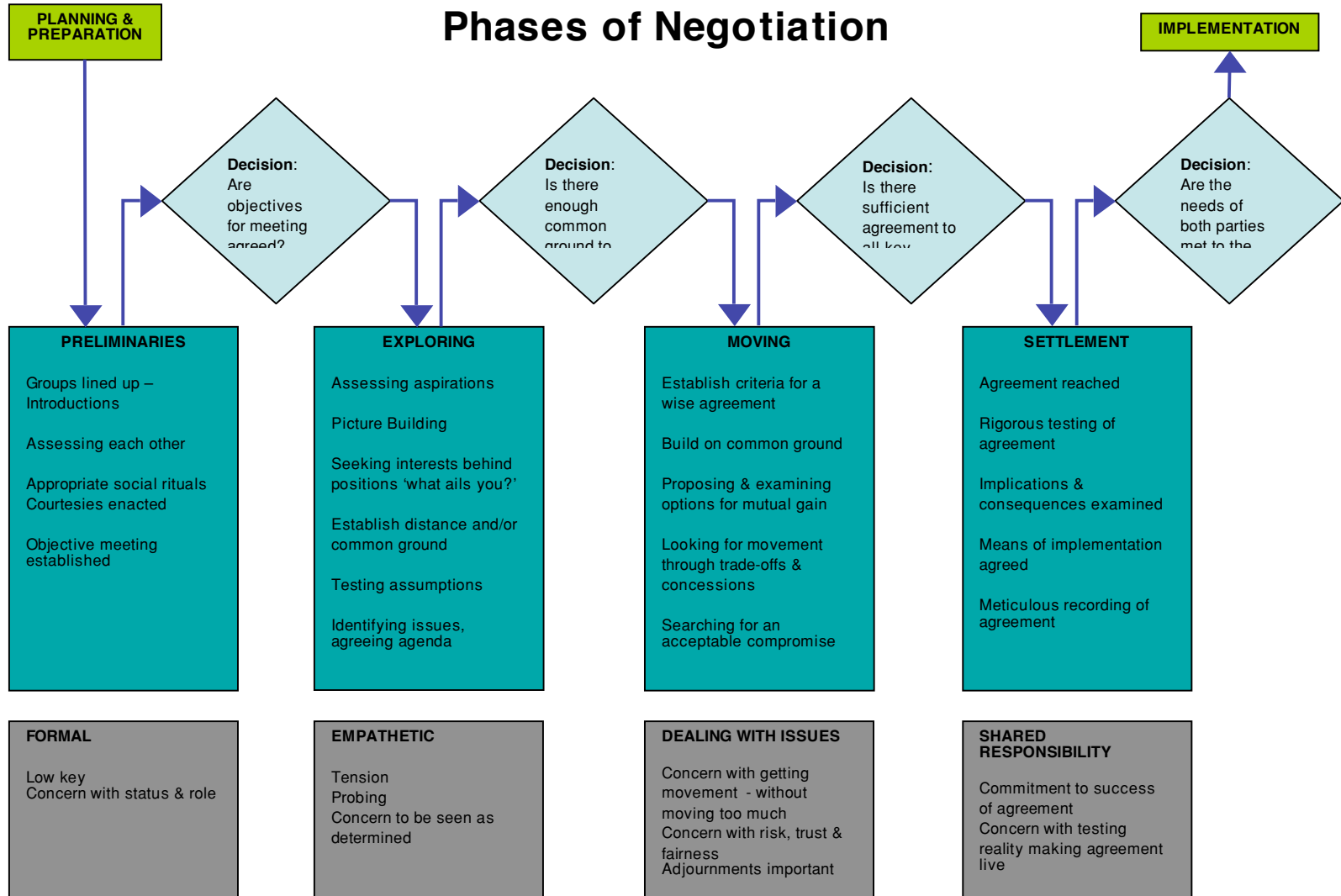
understand empathetically the power of their view and to feel the emotional force with which they believe in it. It is not enough to study them like beetles under a microscope; you need to know what it feels like to be a beetle.

Understanding their point of view is not the same as agreeing with it. It is true that a better understanding of their thinking may lead you to revise your own views about the merits of the situation. But that is not the cost of understanding their point of view, it is the benefit. It allows you to reduce the area of conflict, and it helps you advance your newly enlightened self-interest.

Issues Planning Procedure



Phases of Negotiation



The skilled negotiator avoids

1. Irritators

- Avoids making unfavourable comments about the other party
- Avoids words or phrases which carry positive value judgements about their proposals or arguments

Use of irritators per hour face-to-face speaking time:

- Skilled negotiator 2.3
- Average negotiator 10.8

2. Defend/Attack Spirals

- Behaviour seldom used, and spirals avoided by not giving warning, attacking hard and quickly moving on.

Percentage of negotiators comments classified as Defence/Attack:

- Skilled negotiator 1.9
- Average negotiator 6.3

3. Argument Dilution

- Presents only the strongest argument
- Avoids clouding the key issues with weak supporting points

Average number of reasons given by negotiators to back each argument:

- Skilled negotiator 1.8
- Average negotiator 3.0

4. Labelling Disagreement

- Does not preface disagreements with “I disagree, I refute that....” etc.
- Avoids direct contradiction unless on a point of principle.

The skilled negotiator uses

5. Testing Understanding & Summarising

- Links behaviours used significantly more by skilled negotiator
- Ways of demonstrating concern for implementation

Percentage of all negotiators behaviour:

- Skilled negotiator 17.2
- Average negotiator 8.3

6. Asking Questions

- One of the main reasons for negotiating success
- Asks over twice as many questions as average counterpart.

Questions as a percentage of all negotiators behaviour:

- Skilled negotiator 21.3
- Average negotiator 9.6

7. Feelings Commentary

- Not reluctant to give internal information

- Uses expression of feelings to reflect back to other party the impact of their behaviour
- Not afraid to appeal for help

Giving internal information as a percentage of all negotiators behaviour:

- Skilled negotiator 12.1
- Average negotiator 7.8

8. Behaviour Labelling

- Gets attention by prefacing contributions ie. "I have a suggestion," "Can I check my understanding?"

Percentage of all negotiators behaviour immediately proceeded by a behaviour label:

- Skilled negotiator 6.4
- Average negotiator 1.2

Listening: Key to Communication

Why is listening important?

Listening is the key skill which enables us to understand each other. Unlike speaking, in most educational systems, we are never taught to listen. It is often assumed that if we are fortunate enough to have two ears that work well, we listen well. This is not necessary so.

Listening is an essential ingredient in a wide range of work activities: understanding and solving problems, dealing with enquiries, responding to customer needs, attending meetings, staff supervision and development, team work, conflict resolution, effective negotiation, delegation, building co-operative alliances, and managing and implementing change. The list could go on. The consequences of Non-Listening

On the:	Speaker	Non-Listener	Organisation
	Undervalued	Lose respect	Low commitment
	Demotivated	Look foolish	Poor performance
	Irritated	Get avoided	Waste resources
	Frustrated	Lost Opportunities	More mistakes
	Repetition	Waste time	Higher Costs
	Anger	Considered Rude	Reduced Quality

The consequences of poor listening are severe and dramatic. Not listening includes half-listening; reading, writing or thinking about other things while someone is speaking to us.

Note: Active listening is only possible for short periods of time. In fact, we spend much of our time cutting out noises and distractions. However, it is critical to know when to listen, and to have the skill and motivation to do it.

Making Listening Visible

In order for speakers to feel valued, motivated, worthwhile and encouraged, they need to know that they are being listened to. Therefore it is important to avoid doing things like doodling and tidying.

Instead:

- Give the speaker your full attention – even if it is only for long enough to say that you are unable to listen at the moment and to arrange another time to talk
- Keep eye contact with the speaker – whilst being sure to avoid staring
- Sit or stand reasonably still – fidgeting indicates impatience, doing other activities indicates disinterest
- Summarise and reflect back what you have heard periodically – this helps both you and the speaker to keep track of what's being said. Do not change subjects!
- Allow silence – to help you communicate patience and to enable the speaker to draw more out of themselves

Remember: The thing that will most indicate that you are listening is giving your full, relaxed attention and concentration to the speaker. Concern about details of body language, for example, may interfere with your listening.

Creating the Right Environment

- Find a quiet space – wherever possible ensure an atmosphere of privacy.
 - Eliminate distractions – divert phone calls, put up “do not disturb” notice, put your work aside.
 - Eliminate barriers – come out from behind the desk, be at the same level, use understandable language.
 - Create the right ‘inner’ environment by clearing your mind, so as to make a space for what the speaker has to say.
-

Pre-Tender
Contractor Information &
Business Questionnaire
Short Form

Schedule 1 – Tenderer Information

1.	Please give the name main address and contact details for correspondence of the organisation applying	
(a)	Name: Position: Company: Address: Telephone: Facsimile: E-mail:	
(b)	<input type="checkbox"/> If the site detailed in 1(a) above would not be the branch or office with responsibility for the day-to-day operation of <ADD ORGANISATION>. account please detail the alternative address	
	Name: Position: Company: Address: Telephone: Facsimile: E-mail:	
2.	Type of Company (e.g. sole trader, partnership etc)	
3.	Company Registration Number (where appropriate)	
4.	If your organisation is part of a group, or has a parent or holding company please provide details below	
5.	Amount of Public Liability Insurance held (Please submit evidence with quotation)	£
6.	Amount of Employers Liability Insurance held (Please submit evidence with quotation)	£

7.	<p>Please give the name of a person authorised to respond to financial queries on behalf of the organisation:</p> <p>Name:</p> <p>Position:</p> <p>Company:</p> <p>Address:</p> <p>Telephone:</p> <p>Facsimile:</p> <p>E-mail:</p>
8.	<p>Please enclose copies of the organisation's audited accounts and annual reports covering the last three years (please note that this may only require two sets of accounts), to include:</p> <ul style="list-style-type: none"> - Balance sheet - Trading account - Profit and Loss account - Cash flow statement - Full notes to the accounts - Directors' report - Auditors' report <p><u>Please note the information requested above must relate to the organisation submitting the quotation as shown in 1 (a)</u></p> <p>The City of London recognises that some organisations may not be in a position to provide three years of accounts. Should your organisation be in such a position please contact the relevant City of London officer responsible for the project to discuss an alternative as evidence of your financial situation.</p>
9.	<p>If the most recent set of accounts the organisation is submitting are for a year ended more than ten months ago, is the organisation able to confirm that it is still trading as described in these accounts?</p> <p style="text-align: center;">YES NO</p>
10.	<p>If the answer to 12 above is Yes, please enclose a statement of turnover since the most recent set of published accounts.</p>

11.	<p>If any of the following circumstances apply to your organisation please provide details below and indicate how the potential conflict of interest would be managed:</p> <ul style="list-style-type: none"> <input type="checkbox"/> Partners, Directors or Senior Staff have been employed by <ADD ORGANISATION>. <input type="checkbox"/> Partners, Directors or Senior Staff have relative(s) employed by <ADD ORGANISATION> as a senior officer or who serve <ADD ORGANISATION> as an elected Governor of the Board <input type="checkbox"/> Partners, Directors or Senior Staff have involvement in another organisation which provides services to <ADD ORGANISATION>. <input type="checkbox"/> Work currently being undertaken or proposed to be undertaken by the organisation or the group to which it belongs could give rise to a conflict of interest. <p>.....</p> <p>.....</p>
12.	<p>How many years has your company been providing (please complete) services?</p> <p>.....</p>
13.	<p>If you intend to subcontract any aspects of the proposed contract please provide details:</p> <p>.....</p> <p>.....</p>
14.	<p>What level of training and qualification do your (please complete) have? Please attach details.</p>
15.	<p>Please provide a brief synopsis of any related products or services offered by your organisation</p> <p>.....</p> <p>.....</p>
16.	<p>Please provide detail of any quality management systems operated by your organisation, and how these would be applied to this contract:</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p>

17.	<p>Please provide, on a separate sheet, contact details for the last (<i>X please complete</i>) consultation projects of similar nature you have carried out in the past two years as follows:</p> <ul style="list-style-type: none"> <input type="checkbox"/> Organisation: <input type="checkbox"/> Contact Name: <input type="checkbox"/> Contact Details: <input type="checkbox"/> Brief description of consultation project: <p><input type="checkbox"/> We may contact your previous clients to evaluate the quality of services provided. Please provide a signed letter on the organisation's headed paper authorising <ADD ORGANISATION> to seek references from any of the clients named above.</p>
18.	<p>Please provide standard product brochures and/or fact sheets explaining the services that you are proposing to offer to satisfy this contract. The requirement will include:</p> <ul style="list-style-type: none"> <input type="checkbox"/> (<i>Please Complete</i>) <input type="checkbox"/> XXXX <input type="checkbox"/> XXXX <input type="checkbox"/> XXXX

Schedule 2 – Equal Opportunities

The City of London is committed to providing services of the highest standard within the resources available for all existing and potential users of our services.

The promotion of equality of opportunity is one of <ADD ORGANISATION> core values, and tackling social exclusion one of our key aims. We believe that the best way to provide high quality, best value services is to ensure that these core values and key aims are reflected in all the things we do. That is why we ask you to complete the following questions concerning equal opportunities.

1.	<p>Does your company have an Equal Opportunities Policy or similar statement? Yes/No</p> <p>If yes please attach a copy</p>
2.	<p>In the last 3 years has your company been the subject of any court or employment tribunal proceedings in relation to: -</p> <ul style="list-style-type: none"> <input type="checkbox"/> Unlawful discrimination on the grounds of sex or marital status; <input type="checkbox"/> Unlawful discrimination on the grounds of race, nationality or ethnicity; <input type="checkbox"/> Unlawful discrimination on the grounds of disability; <input type="checkbox"/> Unlawful discrimination on the grounds of sexual orientation; <input type="checkbox"/> Unlawful discrimination on the grounds of religion; <input type="checkbox"/> Unlawful discrimination on any other grounds. <p>Yes/No</p> <p>If yes, please give details of each incident including both the findings and any subsequent action taken by your company.</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p>
3.	<p>Does your company have procedures in place to ensure that you are observing as far as possible the relevant Codes of Practice with regard to employment and:</p> <ul style="list-style-type: none"> <input type="checkbox"/> Equal Pay <input type="checkbox"/> Sex Equality <input type="checkbox"/> Race Equality <input type="checkbox"/> Disabled Persons <p>Yes/No</p>

Schedule 3 – Health & Safety

Please answer the following questions with reference to the management of Health and Safety within the organisation. In addition, please attach the organisation’s current Health and Safety policy, including details of responsibility for its implementation throughout the organisation. The successful Applicant will be expected to comply with the Health and Safety at Work Act 1974 and all other relevant Health and Safety legislation and to operate within the City of London’s policy, a copy of which is attached as an appendix to this section.

1.	<p>Please give the name and position within the organisation of the person with overall responsibility for the organisation’s Health and Safety policies.</p> <p>.....</p> <p>.....</p>
2.	<p>Please give the name(s) and qualifications of the competent persons or consultancy advising the organisation on Health and Safety.</p> <p>.....</p> <p>.....</p>
3.a)	<p>Has the organisation ever been prosecuted in a court of law for any breach of health and safety law?</p> <p style="text-align: center;">YES/NO</p>
3.b)	<p>Has the organisation ever been issued with an improvement or prohibition notice by the Enforcing Authorities?</p> <p style="text-align: center;">YES/NO</p>
3.c)	<p>Are there any impending actions by the Enforcement Authorities currently imposed on the organisation?</p> <p style="text-align: center;">YES/NO</p>
3.d)	<p>If the answers to any of the questions (a) to (c) above is Yes, please give details below:</p> <p>.....</p> <p>.....</p> <p>.....</p>
4.	<p>Please give details of how Health and Safety training is implemented for employees of the organisation, from Senior Management downwards. Enclose copies of any safety booklets/manuals/codes of safe working practice given to employees of the organisation, or to sub-contractors working on the organisation’s behalf.</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p>
5.	<p>Please give full details of safety monitoring and auditing procedures within the organisation, with an example of a recent safety inspection or audit.</p>

	<p>.....</p> <p>.....</p> <p>.....</p>
6.	<p>Please state the methods used to carry out risk assessments within the organisation under the requirements of the Management of Health and Safety at Work Regulations 1999. Please enclose an example of such an assessment.</p> <p>.....</p> <p>.....</p> <p>.....</p>
7.	<p>Please state the number of accidents occurring within the organisation during the last 12 months, with details of all accidents involving over 3 days absence, notifiable to the relevant authority under the Reporting of Incidents, Disease and Dangerous Occurrences Regulations 1995.</p> <p>.....</p> <p>.....</p> <p>.....</p>
8.	<p>In addition to Question 6 you are required to provide samples of risk assessments which your organisation has conducted in compliance with the following statutory regulations.</p> <p style="text-align: center;">Control of Substances Hazardous to Health Regulations 2002 Health and Safety (Manual Handling Operations) Regulations 1992. Provision and Use of Work Equipment Regulations 1998. Electricity at Work Regulations 1989</p>
9.	<p>Please give any further information regarding Health and Safety, which the organisation would consider relevant in support of this questionnaire, in particular how does the organisation appraise the competence of any sub-contractor it engages to undertake work on its behalf?</p> <p>.....</p> <p>.....</p> <p>.....</p>

Freedom of Information Schedule

Please state in writing what information, if any, relating to the information provided in <ADD ORGANISATION> Business Questionnaire that you wish to reserve in accordance with the provisions of the Freedom of Information Act 2000. **NB:** information relating to contract records and/or administration, overall value performance, or completion may not be reserved by you.

Information which may be reserved includes: -

Trade secrets

Commercial interest

Obligation of confidentiality due to the nature of the information, or the circumstances under which it is imparted

Personal data relating to an individual

Unit Prices or detailed pricing information

Please state the section of the Freedom of Information Act 2000 under which you wish to reserve the information.

Please state the reasons for the reservation.

Please state how long you wish the reservation to last, e.g. the number of years.

NB: it is tenderers' responsibility to obtain independent legal advice on the provisions of the Act; the City of London is not offering advice in regard to the Act and nor are its officers responsible or authorised to provide any such advice.

* delete as appropriate

Equal Opportunities

EQUAL OPPORTUNITIES

NB: Non UK-based organisations should attempt to answer each of the following questions substituting, where relevant, the appropriate legislation/codes of practice etc., which are applicable within their domestic jurisdiction.

E1	Does the organisation comply with the Sex Discrimination Act 1975 and the Equal Pay Act 1970?	YES	NO
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E1a	In the last three years has any finding of unlawful discrimination under either the Sex Discrimination Act 1975 or the Equal Pay Act 1970 been made against the organisation by any court or employment tribunal?	YES	NO
	If so, please give details, including those [if any] steps taken as a consequence of the findings.		

E2	Does the organisation undertake to comply with the Disability Discrimination Act 1995?	YES	NO
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E2a	In the last three years, has any finding of unlawful discrimination under the Disability Discrimination Act 1995, been made against the organisation by any court or employment tribunal?	YES	NO
	If so, please give details, including those [if any] steps taken as a consequence of findings		

E3	Is it the organisation’s policy as an employer to comply with its statutory obligations under the Race Relations (Amendment) Act 2000	YES	NO
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E3a	Is it the organisation’s practice not to treat one group of people less favourably than others because of their colour, race, nationality or ethnic origin in relation to decisions to recruit, train or promote employees?	YES	NO
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E4	In the last three years, has any finding of unlawful racial discrimination been made against the organisation by any court or industrial tribunal?	YES	NO
	If so, please give details.		

E5	In the last three years, has the organisation been the subject of formal investigations by the Commission of Racial Equality on grounds of alleged unlawful discrimination?	YES	NO
	If so, please give details		

E6	In the event of the answer(s) to either or both of questions (E4) or (E5) above being Yes, what steps did the organisation take in consequence of the finding(s)?

E7	Please supply a policy statement setting out your organisation's understanding of and approach to obligations under the Race Relations (Amendment) Act 2000.
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E8	Is the organisation's policy on race relations set out		
	a) in instructions to those concerned with recruitment, training and promotion?	YES	NO
	b) in documents available to employees, recognised trade unions or other representative groups of employees?	YES	NO

	c) in recruitment advertisements or other literature?	YES	NO
Please supply relevant examples of the instructions, documents, recruitment advertisements or other literature.			

E9	Does the organisation have policy statements, procedures, codes of practice etc. in place to ensure that as far as possible the Commission of Racial Equality's Code of Practice for Employment, as approved by Parliament in 1983 are observed	YES	NO
If so, please give details below			

Health & Safety

HEALTH AND SAFETY

Please answer the following questions with reference to the management of Health and Safety within the organisation. In addition, please attach the organisation's current Health and Safety policy.

The successful tenderer will be expected to comply with the Health and Safety at Work Act 1974 and all other relevant Health and Safety legislation.

Note: All examples should relate to the provision of similar services to the ones being tendered for.

H&S1	Please give the name and position within the organisation of the person with overall responsibility for the organisation's Health and Safety policy.		
H&S2	Please give the name(s) and qualifications of the competent persons or consultancy advising the organisation on Health and Safety, where applicable.		
H&S3	a) Has the organisation had to defend any claims against it under H&S Regulations in the last five years?	YES	NO
	b) Has the organisation ever been prosecuted in a court of law for any breach of Health and Safety Regulations?	YES	NO
	c) Has the organisation ever been issued with an improvement or prohibition notice by the H&S Executive?	YES	NO
	d) Has the organisation been made aware of any impending actions by the H&S Executive currently imposed on the organisation?	YES	NO
If the answers to any of the questions (a) to (c) above is Yes, please give details below:			

H&S4.	Please give details of how Health and Safety training is implemented for employees of the organisation, from Senior Management downwards.
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	Enclose copies of any safety booklets/manuals/codes of safe working practice given by the organisation and or sub-contractors to employees. Evidence how this is updated and embedded into the day to day routine.

H&S5.	Please give full details of safety monitoring and auditing procedures within the organisation, with an example of a recent safety inspection or audit.

H&S6.	Please state the methods used to carry out risk assessments within the organisation under the requirements of the Management of Health and Safety at Work Regulations 1999. Please enclose an example of such an assessment.

H&S7.	Please state the number of accidents occurring within the organisation during the last three years, with details of all accidents involving over 3 days absence, notifiable to the relevant authority under the Reporting of Incidents, Disease and Dangerous Occurrences Regulations 1995.

H&S8.	In addition to H&S6 you are required to provide samples of risk assessments which your organisation has conducted in compliance with the statutory regulations that relate to the specific project that you are tendering for. ie. Noise at Work Regulations 1989 Control of Substances Hazardous to Health Regulations 2002 Health and safety (Display Screen) Regulations 1992
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	Health and Safety (Manual Handling Operations) Regulations 1992. Electricity at Work Regulations 1989
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H&S9.	Please give any further information regarding health and safety, which the organisation would consider relevant in support of this questionnaire, in particular how does the organisation appraise the competence of any sub-contractor it engages to undertake work on its behalf?
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Model Consultancy Terms & Conditions

**CONSULTANCY AGREEMENT BETWEEN THE LONDON BOROUGH OF [XXXXXXX]
AND [NAME OF CONSULTANT]**

THIS AGREEMENT is made the day of 200[]

BETWEEN:

- (1) The Mayor and Burgesses of the London Borough of [XXXXXXX] of [ADDRESS] ("the Council"); and
- [(2) [NAME OF CONSULTANT HOLDING COMPANY] (a company registered in England and Wales under number [COMPANY NUMBER] whose [registered office] [principal office for the purpose of this Agreement] is at [ADDRESS] ("the Consultant").] [OR]
- [(3) [NAME OF BUSINESS CONSULTANT] of [ADDRESS] ("the Consultant").]

1) Definitions and interpretation

a) In this Agreement the following words shall have the following meanings:-

“Agreement”	means the agreement between the Council and the Consultant to which these conditions, as referenced therein, shall apply and for the avoidance of doubt shall include any variations subsequently agreed by the parties in writing.
“Commencement Date”	means [the date of this Agreement] OR [INSERT DATE].
“Confidential Information”	means all information which is obtained by the Consultant from the Council pursuant to this Agreement
“Consultant’s Authorised Representative”	means [the person appointed by the Consultant to act on its behalf for the purpose of managing this Agreement] [OR] [INSERT NAME of AUTHORISED REPRESENTATIVE]
“Council’s Authorised Representative”	means [the person appointed by the Council to act on its behalf for the purpose of managing this Agreement] [OR] [INSERT NAME OF AUTHORISED REPRESENTATIVE].
“Expiry Date”	means [INSERT DATE] subject to such extension as may be awarded in accordance with these conditions.

“Rates/Fees”	means the financial remuneration for the Services as detailed in Schedule 2 to this Agreement.
“Services”	means the services to be supplied by the Consultant as described in Schedule 1.
“Specification”	means the description, standards, methods and techniques to be used in executing the Services as specified in Schedule 3
“Tender”	means the Consultant’s tender dated [.....] attached as Schedule 4.
[“Term”	means [NUMBER] of years starting on the Commencement Date.]
“Working Day”	means Monday to Friday excluding bank holidays.

- b) Where appropriate, the singular includes the plural and vice versa. Words importing one gender include all other genders.
- c) Persons includes companies and all other legal entities.
- d) Unless otherwise stated, any reference to a provision of any legislation is a reference to that provision as amended, extended or re-enacted by any subsequent legislation.
- e) The headings in this Agreement are for convenience only and will not affect its interpretation.
- f) Reference to a clause or schedule is to the corresponding clause or schedule in this Agreement unless stated to the contrary. The schedules to this Agreement are an integral part of this Agreement and any reference to this Agreement includes a reference to the schedules.
- g) Words and expressions defined in this Agreement, unless the context otherwise requires, have the meanings ascribed to them in this Agreement.

2) Appointment and length of appointment

- a) The Council hereby appoints the Consultant to provide the Services from the Commencement Date [[to the Expiry Date] [OR] [and the Consultant’s appointment shall continue from that date for the Term]].
 - b) [On each anniversary of the Commencement Date the Term shall be extended by [one year] unless at any time either party gives notice to the other then the Term shall not be extended.]
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3) Consultant's Obligations

- a) The Consultant shall provide the Services:
 - (i) with reasonable care and skill;
 - (ii) in accordance with the Specification;
 - (iii) in accordance with all written instructions of the Council's Authorised Representative;
 - (iv) with due regard to all relevant health and safety legislation and code of practice;
 - (v) so as to serve and promote the interests of the Council.
 - b) The Consultant will act upon all written instructions issued by the Council's Authorised Representative as soon as reasonably practicable, including but not limited to any variation in relation to an addition, modification, deferment, omission, reduction from or substitution of any of the Services.
 - c) The Consultant will ensure that the Services are carried out by appropriately qualified personnel who are acceptable to the Council's Authorised Representative and will replace immediately any person who the Council's Authorised Representative reasonably requires replacing.
 - d) No provision of this Agreement will operate to exclude or restrict the consultant's liability under statute or common law for any goods that the Consultant supplies, or has supplied, for use on, or incorporation in to the Services.
 - e) Any sub-consultants directly appointed by the Consultant will be under the direct control and supervision of the Consultant at all times and the Consultant will be and remain liable under the Agreement for all work sub-contracted by him and for acts defaults or neglects of any sub-contractor his agents and servants.
 - f) The Consultant will keep the Council's Authorised Representative fully and promptly informed in writing of all matters in relation to the Services which may have programme, cost or contractual implications.
 - g) The Council and Consultant agree and acknowledge that the Council has relied on, and will be relying on, the Consultant's expertise in carrying out the Services and also on the accuracy of all statements made and advice given by the Consultant in connection with the Services.
 - h) The Consultant shall comply at its own expense with any statutory requirements and industry standards.
 - i) The Council will provide the Consultant with all the facilities, resources, information and access to the Council's premises that are reasonably necessary to carry out the Services.
 - l) The Consultant's Authorised Representative shall be empowered to act on behalf of Consultant and shall be available for consultation with the Council's Authorised Representative at all reasonable times.
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4) Price and Payment
[DELETE AS APPROPRIATE]

- a) In consideration of the Consultant carrying out the Services, the Council will pay to the Consultant fees upon the basis agreed and contained in Schedule 2 together with any correctly charged V.A.T. that is applicable.
- b) In order for the invoice to be valid, it will have to be certified correct by the Council's Authorised Representative upon receipt in line with the payment profile detailed at Schedule 2.
- c) The Council will pay the Consultant for each contractually correct invoice within the thirty (30) days following receipt).
- d) In the event of the Council's Authorised Representative disputing any invoices, the Council will have liability to pay only the undisputed invoices until such a time as the dispute is resolved.

[Guidance: In the case of a construction related consultancy (e.g. the appointment of an architect, designer, engineer, etc.), the Housing Grants, Construction and Regeneration Act 1996 will apply. The following clauses are suggested in alternative to the previous ones, in order to comply with the provisions of the mentioned Act.]

- a) *In consideration of the Consultant carrying out the Services, the Council will pay to the Consultants fees upon the basis agreed and contained in Schedule 2 together with any correctly charged V.A.T. that is applicable.*
- b) *Payment for the Services will unless otherwise agreed in writing be made by the Council within thirty (30) days of receipt of a valid invoice and fee account (accompanied by any supporting evidence as may be reasonably requested by the Council's Authorised Representative) following completion of the Services, For the purposes of this Agreement, the "due date" is the date a valid invoice is received, while the "final date for payment," is the 30th day after receipt of a valid invoice. Where stage payments are to be made by the Council to the Consultant, these payments shall be made at the intervals, or on the dates set out in Schedule 2 (A).*
- c) *Without waiver, or limitation, of any rights or remedies the Council will be entitled to withhold deduct or set-off from any amounts due or owing by the Council to the Consultant in connection with this Agreement any losses, costs or damages arising from the Consultant's breach of this Agreement, or any other agreement, subject, always to the Council giving the Consultant not later than five (5) days before the final date for payment of the amount due a written notice which will specify any amount proposed to be withheld, deducted or set-off, the ground or grounds for such withholding and/or deduction and the amount of the withholding and/or deduction attributable to each ground.*

[Guidance: Please note that according to s.112 of the Housing Grants, Construction and Regeneration Act 1996, the Consultant has the right to

suspend its performance if a sum due under the Agreement is not paid in full by the final date and no effective notice to withhold payments has been served. This right is subject to the service of a seven days' notice of the intention to suspend performance.]

- d) *The Council acknowledges that it will not have the right to withhold, deduct and/or set-off any amounts due, or owing, to the Council against any sums that the Council has been ordered to pay by an Adjudicator appointed under this Agreement (or any other agreement) between the parties.*
- e) *The consideration payable to the Consultant will be subject to audit by the Council and the Consultant will upon request make available all accounts records and other documents reasonably required for such purpose.*

5) Expenses

- a) The Consultant will only be entitled to be reimbursed for reasonably incurred expenses that have been submitted to, and approved by, the Council's Authorised Representative. Approved expenses will be reimbursed thirty (30) days from receipt by the Council of a valid VAT invoice in respect of such expenses.
- b) Supporting evidence must be provided with expense claims and the Council reserves the right not to pay the approved incurred expenses if relevant supporting evidence is not provided.

6) Termination

- a) If at any [stage during the term of this Agreement] [OR] [time after [INSERT NUMBER] calendar months after the Commencement Date] either party considers that the continuance of this Agreement is not in their best interests they may terminate this Agreement by giving the other party [INSERT STATED PERIOD ALLOWED] notice in writing.
 - b) The Council's Authorised Representative may by notice in writing to the Consultant terminate this Agreement with immediate effect without liability for compensation or damages, in the following occurrences:
 - (i) if the Consultant refuses or neglects to execute the Services or any part of them, or commits any breach of any obligation imposed upon him by this Agreement, or refuses or neglects within a reasonable time to comply with any instructions given to him by the Council's Authorised Representative; or
 - (ii) in the event of any substantial change in legal status, or of circumstances occurring which will materially affect the contractual relationship between the parties, or the rights of the Council to sue, or otherwise recover monies due, or enforce any other right arising under this Agreement; or
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- (iii) if at any time progress on any part of the Services appears to the Council's Authorised Representative to be unnecessarily delayed by any cause within the reasonable control of the Consultant and such delay and the cause thereof if capable of remedy will not be remedied within seven days (7) after an instruction in writing requiring the same is given to the Consultant by the Council's Authorised Representative.
 - (iv) if the Consultant through death or incapacity or being a firm owing to its dissolution is unable to provide the Services hereby agreed.
 - (v) if the Consultant refuses or neglects to comply with the Council's Equal Opportunities Policy or commits any breach of any obligation imposed on it by such Policy or refuses or neglects within a reasonable time to comply with any instructions given to it by the Council in regard to such Policy.
 - (vi) if the Consultant fails to maintain its professional indemnity insurance or such insurance becomes unavailable during the provision of the Services.
 - (vii) if the Consultant, being an individual or a partnership, has a petition for bankruptcy presented to the courts becomes bankrupt, or makes a composition, or arrangement with his creditors, or has a proposal in respect of himself or his firm for a voluntary arrangement for a composition of debts or scheme of arrangement approved in accordance with the Insolvency Act 1986 as amended by the Enterprise Act 2002, or where an application for bankruptcy is made against any individual partner of the firm, or where the partnership has a provisional liquidator receiver or manager of its business duly appointed, or where the partnership is dissolved save for the purposes of bona fide reconstruction on terms acceptable to the Council, or where a substantial change in the partners occurs; or
 - (viii) if the Consultant, being a company, has a proposal for a voluntary arrangement for a composition of debts or scheme of arrangement approved in accordance with the Insolvency Act 1986, or has an application made under the Insolvency Act 1986 to the Court for the appointment of an administrator, or has a petition for a winding-up order made or except for the purposes of reconstruction) a resolution for voluntary winding-up passed, or professional liquidator, or a receiver or manager of its business or undertaking duly appointed, or has an administrative receiver, as defined in the Insolvency Act 1986, appointed or possession taken by or on behalf of the holders of any debentures secured by a floating charge or has a lien enforced or arrestment order made against it or served on any of its debtors on behalf of any of its creditors or commits any act of insolvency as defined in the Insolvency Act 1986.
- c) The Council reserves the right under this Agreement to seek recourse against the Consultant in the event of professional negligence or wilful misconduct in the Consultant's performance of the Services.
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- d) In the event of the Council terminating the Agreement in accordance with clause 6)a) the Consultant will be entitled to payment for work completed with a percentage of the fee apportioned in relation to work in progress.

7) Conflict of Interest

The Consultant may without the prior written consent of the Council's Authorised Representative undertake other consultancy assignments which do not conflict with its obligations under this Agreement.

8) Confidentiality

- a) The Consultant shall not either during the term of this Agreement or at any time after its termination disclose the Confidential Information to any person [(except the Consultant's employees and then only insofar as it is necessary for the proper performance of the Consultant's duties)] not authorised by the Council's Authorised Representative to receive it and shall not utilise any Confidential Information to the detriment or prejudice of the Council.
- b) All correspondence, documents, data and other property or information coming into the Consultant's possession as a result of its work under this Agreement shall be regarded as the Council's property. On termination hereof the Consultant shall make arrangements to deliver to the Council's Authorised Representative all such correspondence, documents, data and other property and information remaining in its possession or under its control as soon as practicable and will certify that all such items have been so delivered and that no such items remain in its possession.
- c) The obligation in sub-clauses 8)a) and b) above shall not apply to:
- i) any information in the Consultant's possession which comes into the public domain other than by breach of this Agreement;
 - ii) any information which was in the public domain at the time of the communication to the Consultant; or
 - iii) any information which was in the Consultant's possession, required by law to be disclosed, or known prior to disclosure by The Council.

9) Announcements

The Consultant shall not publish any literature, deliver any lecture, or make any communication to the press relating to the business of the Council or on any matter with which the Council may be concerned unless it has previously and on each occasion obtained the prior permission of the Council's Authorised Representative. The copyright in any publication or report by the Consultant relating to the business of the Council or to any matter with which the Council may be concerned shall belong to the Council absolutely and beneficially, unless otherwise agreed in writing in any particular case.

10) Risk and Insurance
[AMEND AS APPROPRIATE]

- a) The Consultant will be liable for, and will indemnify the Council and insure against, any expense, liability, loss, claim or proceedings whatsoever arising under any statute or at common law in respect of personal injury to or the death of any person whomsoever arising out of or in the course of or caused by the carrying out of the Services, except to the extent that the same is due to any act or neglect of the Council or of any person for whom the Council is responsible.
- b) Without prejudice to any other rights or remedies which the Council may possess, the Consultant warrants that it will have and keep in force professional indemnity insurance and public liability insurance and if applicable employer's liability insurance to cover any claim made against them by the Council in relation to their Services including (but not limited to) any loss arising out of the breach of Clause 3. The Consultant shall produce to the Council's Authorised Representative premium renewal receipts relative to such policies of insurance or other suitable proof of cover upon request.

[Guidance: advice should be sought in each case as to the appropriate insurance cover].

- c) *The insurance required in Clause 10.b will be for a sum of not less than [check the level required] each and every claim in respect of Professional Indemnity insurance and [check the level required] in respect of Public Liability insurance and [£5,000,000 (five million pounds); this is the statutory minimum; check if a higher cover is required] in respect of Employer's Liability Insurance.*

11) Intellectual Property
[DELETE AS APPROPRIATE]

- a) If at any time during this Agreement the Consultant shall invent, design, discover or devise either by itself, or by any of its employees or jointly with any employee of or person working for the Council any invention, improvement, discovery or design which results from work carried out by the Consultant pursuant to the Services then all such inventions, improvements, discoveries and designs shall belong to the Council absolutely and beneficially. The Consultant shall communicate to the Council's Authorised Representative full particulars of any such invention, improvement, discovery or design and the Council's Authorised Representative will then decide whether and where letters patent or other intellectual property protection shall be applied for either in the name of the Consultant or in the name of the Council or its nominee or in their joint names in accordance with the law and practice applicable thereto and as required by the Council's Authorised Representative in any case at the Council's expense.
 - b) The Consultant will apply for letters, patent or other intellectual property protection (including but not limited to copyright, trademark or design registration) in respect of any items referred to in sub-clause 11)a) if so requested by the Council's Authorised Representative in any part of the world both during the term of this Agreement and thereafter, including the
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execution of all necessary documents to procure the grant of such letters, patent or other protection and the maintenance thereof and, should such letters patent or other protection be granted in the first place in the name of the Consultant, the assignment thereof to the Council absolutely or as the Council's Authorised Representative may direct.

- c) Upon completion of the Services or termination of the Consultant's engagement under Clause 6 all of the documents in any way prepared or used by the Consultant in connection with the Services will immediately be delivered to and become the property of the Council in all respects and the Consultant assigns full copyright and future copyright in the such documents to the Council.

[Guidance: When the consultant is an architect it will usually be difficult for the council to obtain copyright of any work; therefore, an alternative clause 11c is suggested to deal with such circumstances]

- c) *Upon completion of the Services or termination of Consultant's engagement under Clause 6 all of the documents advertising materials reports and information in any way prepared or used by the Consultant in connection with the Services will immediately be delivered to the Council and the Consultant grants to the Council an irrevocable, exclusive and royalty-free licence for the use them in connection with the purposes set out in the Agreement.*

12) Licensing

- a) The Consultant agrees to arrange on behalf of the Council, licences for use by the Council, at the expense of the Consultant, of any items provided by the Consultant or on its behalf in performance of the Services and which remain the intellectual property of third parties.
- b) The Consultant shall indemnify the Council against all claims and expenses for infringement of any patent, registered design, copyright, trademark, methodologies, computer programs or other intellectual property relating to or arising from the performance of the Services.

13) Notices

Any notice required to be given under this Agreement may be given by being personally delivered at or sent by pre-paid first class post to the address of the relevant party as given in this Agreement or such other address as shall be notified in writing to the other party in accordance with this clause, or by email to the email address provided or by fax if appropriate. In the case of personal delivery, delivery shall be deemed to be the day of such delivery, and in the case of post delivery shall be deemed to have been effected two Working Days after the date of posting.

14) Sub Agreements

The Consultant shall not, without the prior written consent of the Council's Authorised Representative enter into any sub-agreement for the performance of any part of this Agreement.

15) Assignment

The Consultant shall not assign or otherwise transfer this Agreement or any of its rights or obligations hereunder, whether in whole or in part, without the prior written consent of the Council's Authorised Representative.

16) Third Party Rights

Notwithstanding any other provision herein contained, nothing in this Agreement confers or purports to confer any rights to enforce any of its terms pursuant to the Contracts (Rights of Third Parties) Act 1999 on any person who is not a party to this Agreement.

17) Tax Requirements

The Consultant shall bear exclusive responsibility for discharging all income tax and social security contribution liabilities arising out of or incidental to its performance of the Services under this Agreement. In the event that the Council is held liable for any such payments then the Consultant shall compensate the Council in full on demand for any liability which it suffers in connection with them.

18) Status of the Consultant

[DELETE AS APPROPRIATE]

[Guidance: Insert where Consultant is an individual; delete where the Consultant is a limited company, a partnership or a limited liability partnership]

- a) During the term of this Agreement the Consultant shall be an independent contractor and not the servant of the Council.
- b) In such capacity the Consultant shall bear exclusive responsibility for the payment of his national insurance contributions as a self-employed person and for discharge of any income tax and VAT liability arising out of remuneration for his work performed by him under this Agreement.

19) Force Majeure

- a) Notwithstanding any other provision of these conditions neither party shall be liable for any failure or delay in the performance of this Agreement caused by means beyond their reasonable control including without limitation, strikes (except by the Consultants staff), lock outs, labour disputes, act of God, war, riot, civil commotion, malicious damage, compliance with any law or governmental order, rule, regulation or direction or any overriding emergency procedures, fire, flood and storm.
 - b) If the Consultant is unable to perform the Services and obligations under this Agreement as a direct result of a force majeure event, that party shall give to the other written notice of the inability stating the reason in question within two (2) days of the inability arising. The operation of this Agreement shall be suspended during the period (and only during the period) in which the reason continues save in respect of confidentiality. Forthwith upon the
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reason ceasing to exist the party relying on it shall give written notice to the other of this fact whereupon this Agreement shall continue in operation. If the reason continues for a period of tens (10) days, the party not claiming relief under this clause 19) may terminate this Agreement forthwith upon giving written notice of such termination to the other party.

20) Disputes

[ADD OR DELETE AS APPROPRIATE]

- a) If any dispute arises out of this Agreement which cannot be amicably settled between the parties then the parties may attempt to settle such dispute by mediation in accordance with the Centre for Effective Dispute Resolution ("CEDR") Model Mediation Procedure ("the Model Procedure") as published by CEDR from time to time. For the avoidance of doubt neither party will commence any court proceedings/litigation in relation to any dispute arising out of this Agreement until they have attempted to settle it by mediation and that mediation has terminated.

[Guidance: In the case of a construction related consultancy (e.g. the appointment of an architect, designer, engineer, etc.), the Housing Grants, Construction and Regeneration Act 1996 will apply. The following clause b) is suggested in addition to the previous in order to comply with the provisions of the mentioned Act. Please note that clause c) is applicable even if clause b) does not apply.]

- b) *Notwithstanding sub-clause 20.a and in the event that the provisions of the Housing Grants Construction and Regeneration Act 1996 will apply to any element of the Services (in which case the parties shall have the right to go to adjudication at any time) then the relevant Adjudication Rules which will apply will be those set out in the Scheme of Construction Contracts ("the Scheme") issued in accordance with the Scheme for Construction Contracts (England and Wales) Regulations 1998, subject to the following alterations/clarifications:*
- I. In the event of failure by the parties to agree upon the choice of Adjudicator then the Adjudicator will be nominated upon the application of either party by the Chief Executive (or if he is unable to act by any of his nominated representatives) for the time being of the CEDR;*
 - II. the Applicant will subject to any contrary decision by the Adjudicator bear the costs of the adjudication;*
 - III. the Adjudicator will give his decision and reasons in writing and may award costs as part of the decision and will have power to seek expert or further professional advice if necessary;*
 - IV. the Adjudicator's decision should be binding on both parties but not final until it is replaced either by an agreement between the parties or a decision of the English Courts;*
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- c) For the avoidance of doubt, the Consultant shall continue to perform its obligations under this Agreement during any dispute resolutions procedure referred to in this clause and invoked by either party.

21) Cost

Each of the parties shall pay any costs and expenses incurred by it in connection with this Agreement.

22) Variation

Any amendment to this Agreement shall only be valid if made in writing and signed by the parties hereto.

23) Severance

If any provision of this Agreement shall be declared invalid, unenforceable or illegal by the Courts of any jurisdiction to which it is subject such invalidity, unenforceability or illegality shall not prejudice or affect the validity, enforceability and legality of the remaining provisions of this Agreement.

24) Right of Audit

- a) The Consultant shall at all reasonable times (including following termination for whatsoever reason of this Contract) afford to or procure for any auditor (including any auditor carrying out functions under the Audit Commission Act 1998 or the 1999 Act) conducting an internal audit or an external audit, inspection or an audit of Best Value Performance Plans to or for the Council's Authorised Representative (or its nominee), internal investigation, ombudsman inquiry or legal enquiry:
- i) permission to copy and remove any copies of; and
 - ii) permission to remove the originals of any books, records, information and data in the possession or control of the Consultant which in any way relate to or are or have been used in connection with the performance of the Equipment and the Services including (but without limitation) Council Data and information stored on a computer system operated by the Consultant.
 - iii) any information reasonably requested.
- b) The Consultant shall afford access to audit inspection of the Consultant's documentation and systems as and when necessary.

25) Entire Agreement

- a) This Agreement embodies the entire understanding of the parties in respect of the matters contained or referred to in it and is the only subsisting Agreement between the Council and the Consultant relating to the Services.
- b) There are no promises terms conditions or obligations oral or written express or implied other than those contained in this Agreement.
- c) This Agreement does not create a partnership.
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26) Waiver

The failure of a party hereto to exercise or enforce any right conferred upon it under this Agreement shall not be deemed to be a waiver of any such right or operate so as to bar the enforcement thereof at any time.

27) Health and Safety

[Guidance: The Council will need to supply the Consultant with a copy of the Council's up to date rules regarding health and safety prior to contract signature for this clause to have effect.

If the Council is to spend significant periods (i.e. more than incidental to audits, etc) of time at the Consultant's premises, then the Consultant should provide a copy of its equivalent policies to the Council. Council employees may then be required to comply with this policy.]

- a) The Consultant acknowledges that it has been supplied with a copy of the Council's rules regarding health and safety. The Consultant agrees to comply with these rules, and any additional rules made known to the Consultant from time to time by the Council together with all applicable statutory rules and regulations regarding these matters. The Council will be responsible for procuring that its employees and agents also comply with these rules and regulations.
- b) Either party shall notify the other as soon as practicable of any health and safety hazards of which it becomes aware.

28) Data Protection Act 1998

- a) The Council is registered to process personal data under the Data Protection Act 1998. The Consultant acknowledges this, and will if necessary on processing such personal data comply in all respects with the Data Protection Act 1998 and do nothing to cause the Council to fail in its obligations under the same.
 - b) The Consultant will where appropriate only process or be granted access to personal data in accordance with the applicable data protection laws in the United Kingdom and the terms of the Agreement and for the purposes of performing its obligations and/or exercising its rights under the Agreement.
 - c) The Consultant has in place and undertakes to maintain until the Council's Authorised Representative certifies completion of the whole of the Services appropriate technical and organisational measures against the accidental, unauthorised or unlawful processing, destruction, loss, damage, or disclosure of personal data and adequate security programmes and procedures to ensure that unauthorised persons do not have access to the personal data or to any equipment used to process personal data.
 - d) The provisions of this clause 28 will continue in perpetuity.
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- e) The Consultant is to ensure that its sub-consultants or consultants are bound by the requirements of this clause 28.

29) Ethics and Anti-Corruption

- a) The Consultant warrants to the Council that all financial statements and invoices rendered to the Council, under this Agreement, properly reflect the fact that of all activities and transactions made or undertaken by the Consultant in providing the Services may be relied upon as being complete and accurate in any further recording or reporting by the Council.
- b) The Consultant must not offer to any person any gift to persuade or reward them for doing or not doing anything relating to the award of this Contract or any other contract with the Council. Nor must the Consultant offer any gift to any person to persuade or reward them for special treatment to the Consultant once this Contract has been awarded.
- c) If the Consultant does offer any gift or reward or commit any offence under the Prevention of Corruption Acts 1889 to 1916 or Sub-Section (2) of Section 17 of the Local Government Act 1972, the Council will have the right to determine this Contract and recover from the Consultant any losses arising from the termination.

30) Freedom of Information Act 2000

- a) The Consultant is to comply with all requests for information it receives from the Council in relation to the Services and to the Agreement in a timely and efficient manner.
 - b) The Consultant in executing the Services may request that certain information arising out of the execution of the Services be classified as reserved information under the Freedom of Information Act 2000 ("FoIA") and therefore not required to be disclosed by the Council to third parties.
 - c) Information that is agreed between the parties to be reserved information will be contained in a separate schedule to the Agreement. Such schedule will list the class or category of information or the information itself and will specify which exemptions under the FoIA apply to each specified class category or specific information. In each case such schedule will indicate when it is likely that the information can be made available under the FoIA or if the information is unlikely ever to be made so available that this is the case. Where such information is exempt under the rules governing commercial matters (s. 43 (2) FoIA) then unless special circumstances apply it will not be withheld under the FoIA for more than seven (7) years after certification by the Council's Authorised Representative of completion of the whole of the Services.
 - d) Information relating to the overall value performance or completion of the Agreement, or to Agreement records and administration, will not be accepted as reserved information, but the Council may withhold access to such information under the FoIA in appropriate cases. The decision as to
-

whether to withhold information will be for the Council alone to determine. The Council will have no obligation to consult the Consultant.

- e) The Consultant may designate Fees or Rates where applicable as reserved information.
- f) The Council will make information available under the FoIA from five (5) years after signature of the Agreement in the absence of specific agreement to the contrary. In the event that the Council receives a request for such information before the expiry of the five (5) year period, which it considers it may be appropriate to provide, it will wherever possible notify the Consultant and take account of any representations made by the Consultant within five (5) Working Days of receipt of the notice by the Consultant.
- g) Other than as set out above the Council will have no obligation to consult the Consultant where any request for information whether under the FoIA or otherwise touches or concerns the Agreement.
- h) Should it subsequently transpire that any information has been incorrectly classified as reserved information by the Consultant or any competent authority orders the information to be released the Consultant will deliver such information to the Council immediately and reimburse all the costs incurred by the Council as a result of the Consultant seeking to classify the information as reserved information.

31) Equal Opportunities

- a) The Consultant will not unlawfully discriminate within the meaning and scope of the Race Relations Act 1976, the Sex Discrimination Act 1975, the Disability Discrimination Act 1995, the Equal Pay Act 1970 or any statutory instrument, byelaw or legislation of the European Communities relating to equal opportunities which may be in force or come into force until certification of completion of the whole of the Services by the Council's Authorised Representative including the Employment Equality (Sexual Orientation) Regulations 2003 and the Employment Equality (Religion or Belief) Regulations 2003.
- b) Without prejudice to the generality of sub-clause 31.a, the Consultant is to comply with the Council's Equal Opportunities Policy, a copy of which has been provided to the Consultant by the Council.
- c) The Consultant shall take all necessary steps to secure the observance of the provisions of sub-clauses 31.a and b above by all its employees, servants, agents or sub-consultants employed in the execution of this Agreement.
- d) The Consultant shall respond to any request from the Council for information on approved questions, as that term is defined in the Local Government Act 1988.

32) Precedence of contract documents

Schedule 1

Services Required:

The Services will include but not be limited to:

Schedule 2

Rates and Fees

£	per hour?
£	per day?
£	Fixed fee?

The above payment profile excludes VAT and reasonable expenses that shall be submitted in addition as described in clause 5) above.

Schedule 2 (A)

Intervals (please state)
or
Dates (please state)

Schedule 3

Actual specification

Schedule 4

Tender

Tender Questions

Pick and Mix The Technical Questions.

Below are a range of questions for you to ask your consultants.

- Their understanding of the problem;
- Their understanding of the objectives of the consultancy;
- Their proposals for carrying out the assignment to ensure that the objectives are met;
- Are there any constraints, which they feel, may make achievement difficult;
- The proposed start date;
- Their proposals for ensuring that key dates (milestones) and deliverables are met/produced;
- Their flexibility if a change of course is thought desirable;
- The individuals who they will assign to the task;
- Their experience, background and qualifications corporate and individual;
- How long do they need to prepare a tender;
- The need to sub-contract;
- The support facilities and back-up resources available to the consultants;
- The need for any internal (from you) support or resources;
- If the work leads to further procurement, can they confirm their independence from suppliers;
- The method proposed to achieve transfer of skills between the Consultants and the employing workforce;
- Will any information supplied to the Consultant to enable the Specification to be met at any time cause a potential conflict of interest within their organisation?
- Details of how they propose to ensure the integrity of the information and systems should such a conflict arise. Inform them that their response will be used to assist in preparing an appropriate code of practice, should this be required.
- Their understanding and compliance with relevant Policies and Procedures (e.g. health and safety diversity and equality, sustainable development, Investors in People). Seek examples of their application of these policies in practice elsewhere.

Pick and Mix The Commercial Questions.

Below are a range of questions for you to ask your consultants.

- Details, address, contact nos., VAT no., turnover etc;
- Their acceptance of the Standard Conditions of Contract for Consultancy Services without qualification, or where qualified, the reasons for such qualification;
- Any conditions which they are unwilling to accept, and the reasons;
- The total cost of the consultancy
 - state number of days;
 - state number of consultants;
- A break down of the total cost for each stage of the consultancy. (The Project Sponsor must define the stages to enable like for like evaluation);
- The daily rate for each senior partner and other consultants;
- State normal working day (i.e. hours worked);
- Any additional expenses that will be charged (travel and subsistence etc);
- Proposals for alternative costing arrangement that provide better value for money (e.g. payment linked to milestones).

The most common fee charging basis is the “daily rate”. This is a fee charged by grade of consultant for a day’s work on the project. It is important to define what is meant by a “consultancy day”. Usually this will be an eight-hour day; the documentation will need to be specific.

In circumstances where the outcome is uncertain, it is advisable to negotiate “fee caps” to control and manage costs. This will set an automatic agreed ceiling on the charges.

Where the requirement for advice is known and capable of being quantified in advance a fixed-price charge will probably be more appropriate. Under this arrangement the consultant is paid an agreed sum at the end of the project, or a proportion of the total agreed sum as key stages of the project are completed.

Volume discounts may be available depending on the size of your project.

Under no circumstances should any payments be made in advance of work completed by the consultant.

Quality/Price Evaluation Mechanism

Quality/Price Evaluation Mechanism

The final decision as to which consultant offers the best value for money will be determined by:

- the size and scope of the commission;
- the complexity of the commission;
- quality considerations of tenderers, such as qualified expertise, experience and track record etc.;
- the prices offered by tenderers.

In coming to a final decision it is worth bearing in mind that the consultancy is worthy of their hire. Best practice private sector clients and local authorities have all learnt to their cost that the cheapest bid does not necessarily result in overall long term best value for money. Cut price tenders usually result in cut price inputs, where more work is carried out by less experienced professionals and the local authority suffers as a result of a less attentive service provider.

It is therefore important to consider both quality and price during the evaluation. The term best value for money means selecting a consultant who offers the optimum combination of quality and price. Hence, these factors should be considered in the final choice of consultant.

A very useful approach to tender evaluation is to use a quality/price mechanism which is based on a numerical scoring and weighting system. The advantages of this are that:

- it formalises what can be a very subjective evaluation process;
- it requires forethought as to what are the most important criteria for selection;
- it can be transparent;
- it can be audited.

The quality/price mechanism should be decided upon at the outset of consultant procurement and development of the specification. The evaluation board should be appointed at this stage for this purpose. If the specification continues to be developed it may be necessary to change some of the evaluation criteria and or their weightings, but the mechanism should be finalised before the tender process commences.

The finalisation of the quality/price mechanism involves deciding upon the following:

-
- the quality criteria which will be used; see 'Illustrative Examples of Selection/Award mechanism' included in this section;
 - the weighting which should be attached to each of the chosen criteria, totalling 100;
 - the quality price ratio; in other words the relative importance of quality and price.

The weighting of quality against price will be influenced by the complexity of the project and the degree of creativity or flexibility that is required in its execution. For example the more complex the project, the harder the project will be to manage and control; the more unusual the project the harder it will be to make predications about resource levels and the more skill that will be required of the consultant. Experience, professional competence, management skill and management systems will take on a far more significant level of importance for complex projects. For the quality/price mechanisms to reflect this shift in balance, more weight should be given to quality criteria than to price.

Indicative quality/price ratios for consultant services are as follows:

Type of project	Indicative quality/price ratio
Feasibility studies	80/20 to 90/10
Innovative projects	70/30 to 85/15
Complex projects	60/40 to 80/20
Straightforward projects	30/70 to 60/40
Repeat projects	10/90 to 30/70

Key Points

- The final selection should be based both on quality and price.
- The numerical/price mechanism is a useful decision support tool but there may be good reasons why the final choice may nevertheless require some subjective judgement.
- Any decision as to the final choice of consultant must be justifiable on the basis that the consultant offers overall long-term best value for money.

Selecting a Consultant

Selecting a Consultant.

Proposals should be assessed in an objective, transparent and consistent manner against pre-determined criteria. This should be done by individuals with relevant skills and knowledge appropriate to the nature, value and importance of the assignment and who are free of any conflict of interest which might undermine the objectivity of the assessment.

To help ensure that fairness and impartiality are seen to have been strong features of the assessment, it may in some circumstances be appropriate to provide an external impartial adviser.

Record of the evaluation

The evaluation of proposals should be documented. The extent of documentation will vary with the complexity and value of the project but should cover:

- a summary of all the proposals received.
- the validation for the recommendation of a specific proposal, based on the selection criteria, including statements confirming that the proposal conforms with the specification.
- confirmation that the proposal is acceptable in terms of conditions and limitations.
- the tenderer has the resource and ability to successfully undertake the assignment.
- the performance of the tenderer has been checked with referees and found to have been satisfactory on similar assignments.
- the costs are realistic and stands up to market values. The provision for the identification and approval of any additional or unseen costs are identified.

The person approving the selected proposal should be an appropriate senior level. The individuals who analyse the proposals, prepares the above documentation and makes the selection should not be the person who approves that selection. All documentation including the proposals received must be kept for record and audit purposes. Your procurement manager will guide you through this process.

The local authorities Standing Orders and Financial Regulations should always be followed.

Selection Evaluation Model

ILLUSTRATIVE EXAMPLE OF SELECTION MECHANISM					
Project title	<i>A construction project</i>	Assessor(s)			
		Assessor A; Assessor B			
Organisation	<i>Organisation A</i>	Overall Quality Threshold	50		
PERSONAL POSITION					
Selection criteria		Quality Threshold (QT)		QT reached?	
<i>Bankruptcy, convictions, misconduct, taxes, etc</i>		<i>Minimum standards of department</i>		yes	
ECONOMIC STANDING					
Selection criteria		Quality Threshold		QT reached?	
<i>Profit and loss for last two years</i>		?		yes	
<i>Public liability insurance</i>		£?		yes	
TECHNICAL CAPACITY (and for consultants, ABILITY)					
Selection criteria	Quality Threshold	QT reached	Criteria weight (A) %	Score awarded (B)	Weighted score (AxB)
<i>Technical suitability for project</i>	?	yes	23	80	18.4
<i>Past performance on risk management</i>	?	yes	7	5	3.5
<i>Past performance on partnering</i>	?	yes	17	35	6.0
<i>Resources relevant to project</i>	?	yes	14	65	9.1
<i>Specialist design experience relevant to project</i>	?	yes	26	85	22.1
<i>Quality assurance</i>	?	yes	13	40	5.2
Total weighting			100	Total	64
Is total score greater than Overall Quality Threshold?					yes
Comments:					
Signed by assessor(s)			Date		
<i>Assessor A</i> <i>Assessor B</i>			xx/xx/xx		

Note: Items in italics are shown solely to demonstrate the system. They will vary according to the project and department.

Award Evaluation Model

ILLUSTRATIVE EXAMPLE OF AWARD MECHANISM												
Project title	<i>A construction project</i>				Members of Tender Board							
Project quality weighting	60				Board member 1; Board member 2							
Project price weighting	40				Overall Quality Threshold				55			
QUALITY SCORES												
Quality criteria	Quality Threshold (individual)	Criteria weight %	Organisation A			Organisation B			Organisation C			
			QT reached	score	weighted score	QT reached	score	weighted score	QT reached	score	weighted score	
<i>Innovative</i>	<i>N/A</i>	9	yes	50	4.5	yes	40	3.6	yes	60	5.4	
<i>Partnering</i>	?	7	yes	40	2.8	yes	60	4.2	yes	75	5.3	
<i>Risk management</i>	?	11	yes	45	5.0	yes	30	3.3	yes	60	6.6	
<i>Project organisation</i>	?	5	yes	35	1.8	yes	70	3.5	yes	50	2.5	
<i>Aesthetic character</i>	<i>Spec</i>	5	yes	50	2.5	yes	85	4.3	yes	65	3.3	
<i>Programme</i>	?	12	yes	45	5.4	yes	50	6.0	yes	60	7.2	
<i>Functionality</i>	<i>Spec</i>	22	yes	65	14.3	yes	70	15.4	yes	90	19.8	
<i>Qualifications</i>	?	5	yes	60	3.0	yes	55	2.8	yes	95	4.8	
<i>Approach to CDM</i>	?	9	yes	80	7.2	yes	50	4.5	yes	90	8.1	
<i>Maintainability</i>	?	15	yes	60	9.0	yes	70	10.5	yes	70	10.5	
Totals		100	55.5			58.1			73.5			
Is overall quality threshold reached?					yes	yes			yes			
PRICE SCORES												
Tender price (£)			1,835,673			2,467,390			2,134,532			
Price score (mean £2,145,865)			64.5			35			50.5			
OVERALL SCORES												
Quality weighting x quality score			60% x 55.5 = 33.3			60% x 58.1 = 34.9			60% x 73.5 = 44.1			
Project price weighting x price score			40% x 64.5 = 25.8			40% x 35.0 = 14.0			40% x 50.5 = 20.2			
Overall score			59			49			64			
Order of tenderers			2			3			1			
Comments:												
Signed by members of Tender Board						Date						
<i>Board member 1</i>						<i>xx/xx/xx</i>						
<i>Board member 2</i>												

Note: Items in italics are shown solely to demonstrate the system. They will vary according to the project and department.

Managing Contracts & Performance Checklist

Managing Contracts and Performance Checklist

[Source: OGC Successful Delivery Toolkit™]

Key for assessment: **N** = Not at all; **P** = Partially; **L** = Largely; **F** = Fully

Levels of activity: **0** - Awareness; **1** - Planning approach; **2** - Resource capability; **3** - Deployment activity; **4** - Deliverables; **5** - Process management; **6** - Validation/outcome

Contributory factor	Question	Level	Extent (NPLF)	General comments, problems, issues and limiting factors.
1. Establish contracts	a. Is there sufficient emphasis on establishing the contractual needs during procurement?	3		
	b. Is there sufficient consideration given to ensuring that contracts provide the necessary flexibility to adapt to change?	3		
	c. Is there a clear understanding of how the contract will contribute to the achievement of business objectives?	1		
2. Service provider evaluation	a. Does the business retain sufficient expertise to fully evaluate the service offerings?	2		
	b. To what extent are business continuity requirements reviewed in the context of service contracts?	3		
	c. Do your service providers have an excellent track record for problem resolution?	2		

Contributory factor	Question	Level	Extent (NPLF)	General comments, problems, issues and limiting factors.
3. Manage contracts	a. Are the processes for managing the contract defined before the contract is awarded?	5		
	b. Do you have access to the necessary expertise to assure that the technical direction is aligned with your business strategy?	2		
	c. To what extent is contract management and integral part of your 'Intelligent' customer role?	3		
4. Performance measures	a. To what extent have you established a full range of performance measures that provide demonstrable evidence of success?	6		
	b. Do you have an existing base-line on which to track delivery or capability improvement?	3		
	c. Are the performance measures specified in the contract?	4		
5. Service / contract review	a. Are service reviews part of a hierarchy of reviews which includes management reviews and strategic reviews?	3		
	b. Are there SLAs in place for each service and are these reviewed regularly?	4		
	c. Are business outcomes evaluated during the contract period?	3		

Performance Management

Performance Management

What is performance management?

Performance management is the activity of tracking performance against targets and outcomes identified in your specification. This will enable the identification of opportunities for improvement and to ensure the successful delivery of an project/assignment. The focus of performance management is the future – what do you need to be able to do and how can you do things better? Managing performance is about managing for results. Performance-based management at any level in the organisation should demonstrate that:

- you know what you are aiming for
- you know what you have to do to meet your objectives
- you know how to measure progress towards your objectives
- you can detect performance problems and remedy them.

Why is it important?

Performance management will underpin the successful delivery of the desired outcomes of the project/assignment and the delivery of efficiency gains and value for money.

Effective performance depends on the management of activities at all levels in the project/assignment. This will include the performance management of supplier and local authority resources engaged on the delivery.

Key to a successful outcome is the need to understand how to define and measure performance as part of the delivery of a project/assignment.

Critical factors for success

- Focusing on outcomes that meet the project/assignments objectives, rather than outputs
- Performance management should be an integrated part of the project/assignment lifecycle
- Using a mix of short and long term measures, and selecting measures that link cause and effect
- Measuring effectiveness (doing the right things) and efficiency (doing things right) in parallel
- Relating supplier/individual reward and remuneration with achievement of outcomes.

Who is involved?

The project/assignment manager along with the Project Board is responsible for setting targets and monitoring performance against those targets. To support this a framework and mechanism to record and track progress will need to be developed. This will ensure that problems and issue can be identified early and mitigating action identified.

Effective performance management

The effective performance of your project/assignment depends on the management of activities at all levels. Measures should include those stated in the business case. Benefits management would help to determine if these are achieved

Although performance measures and indicators will be different at each level, they will need to be:

- directional - to confirm that you are on track to reach the goals,
- quantitative - to show what has been achieved and how much more is to be done
- worthwhile - adding more value to the project/assignment than they cost to collect and use

Value for money

You must be able to demonstrate that you have achieved value for money in your project/assignment. Value for money is taken to cover three measures of performance:

- economy - minimising the cost of resources used for an activity, having regard to appropriate quality
- efficiency - the relationship between outputs, in terms of goods, services or other results and the resources used to produce them
- effectiveness - the extent to which objectives have been achieved, and the relationship between the intended impacts and actual impacts of an activity.

Measures and metrics

You should use these evaluation criteria for measures and metrics:

- are you measuring the right thing?
- do you have the right measures?
- are the measures used in the right ways?
- do you determine the quality of a particular performance metric using the SMART test (Specific, Measurable, Attainable, Relevant, Timely)?

The procedures and measures used in performance management will depend, among other factors, on the type of process which is being measured. A process is assumed to be made up of a number of activities which transform inputs into outputs and contribute to the realisation of outcomes.

Commissioning Toolkit for the Procurement of Consultants & Professional Services

FEEDBACK FORM

We are keen to receive your feedback regarding this document's relevance and practicality to you and your organisation and would be grateful if you could provide some comments below:

Scoring

1 = Strongly Disagree 2 = Disagree 3 = Neither Agree/Disagree 4 = Agree 5 = Agree Strongly

Item	Please circle your choice	Comments
This Toolkit was useful	1 2 3 4 5	
This organisation will be using the Toolkit to achieve efficiency savings	1 2 3 4 5	
The Toolkit has assisted this organisation in reviewing our approach to commissioning consultants	1 2 3 4 5	
The Toolkit has helped this organisation to take control of unmanaged consultancy expenditure	1 2 3 4 5	
This organisation has implemented some of the proposed guidance and templates.	YES NO	Please give details:
If you have not implemented any of the guidance, please give details of any that you plan to implement in the future		
This organisation has made savings as a result of using the Toolkit.	YES NO	Please give details:
What would you like to see included in future reviews of this document?		
How could the guidance be improved in future reviews?		
What is your area of service expertise?		
Additional Comments: (Please use additional sheet if required)		

Organisation:

Print Name:

Tel:

Email:

Please return this form to:

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