



## Guidance – getting the right support

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This guidance is about the procurement and management of contractors and advisors. It relates to **P4 Professional Advice, Contract Design and Procurement** in the **Community Led Homes Programme**.

This guidance considers the following areas:

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## 1 Getting the right support

A community led housing organisation that decides to self-manage a development rather than form a development partnership with an enabling developer can either rely on volunteer input (self-building) or contractor delivery (or a combination of these options) for completing the build or refurbishment works.

For organisations that choose to employ contractors, finding the right contractor is very important.

### **Appointing a project manager or quantity surveyor**

Getting support from a suitably qualified quantity surveyor is advisable in developing specifications and agreeing contracts unless an organisation has this knowledge internally through its members or employees or has partnered with a service agency with this inhouse expertise.

Guidance, model contracts, agreements and specifications are available from numerous sources including RICS and ACE. As a minimum, the following issues should be clarified when agreeing contracts:

- Parties to an agreement – the names of the organisations that an agreement is made between
- Consultant (the project manager or quantity surveyor) obligations to the client (the organisation)
- Client obligations to the consultant
- Assignment and sub-contracting
- Fees and payment schedule
- Period of agreement and termination clauses
- Copyright and intellectual property rights
- Liability and insurance
- Dispute resolution
- Service of notices

### **Defining specifications**

A specification of works provides a detailed breakdown of items for contractors to price against and for project managers to oversee and manage performance and authorise staged payments. Specifications should include as a minimum:

- A detailed description of the development works to be undertaken including architects drawings and plans
- Specific details regarding materials, building techniques and equipment to be used
- Supply chains

- Existing conditions regarding the site or buildings
- Groundwork and other preparations including clearance, contamination and demolition
- Utilities requirements – into and off site
- Disposal of waste and other materials associated with the development
- Fire and health and safety requirements
- Employment, assignment and sub-contracting

## **Procurement – what's that?**

Procurement is a process for acquiring goods, services and works. Organisations will need to undertake the following phases:

**Identifying need** – what services are being procured?

**Planning** – who will be responsible for managing which part of the process, what timescales will apply and how will decisions be made?

**Packaging** – how will the identified needs be split into separate works packages, will works be phased and what order will packages be delivered in?

**Specifying** – drawing up specifications, finalising decision making and scoring criteria and agreeing adverts.

**Tendering** – running the process of inviting contractors to provide detailed submissions regarding specifications; take advice from a suitably qualified expert regarding any issues related to public procurement thresholds and European tendering compliance requirements (at the time of publication the minimum thresholds were £170k services & supplies; £4.3m works).

**Assessing** – once submissions have been received assess them against agreed scoring and decision making criteria.

**Commissioning** – notifying the successful bidder(s) that they will be appointed to undertake the works.

**Contract negotiation** – finalising terms and conditions for the works programme.

**Financial control** – ongoing oversight of delivery and budget management throughout the work programme.

**Review and management** – agree a timetable for site meetings and contract management processes.

## **Procurement – why?**

Beyond the fact that a well planned procurement process is good risk management for new and existing organisations, formal procurement is likely to be required where public funds are being used and is a requirement for Registered Providers.

Well managed procurement enables organisations to gain an optimal combination of costs and benefits to meet their needs – not necessarily just looking for the cheapest price! It helps to balance initial spend, on-going resource requirements and social, environmental and corporate priorities, reduce administration and delays, improve planning and risk management and can ensure that a greater positive impact can be made to the local economy.

For Registered Providers it should be remembered that the Regulatory Framework requires that organisations understand the relative costs of providing services through different delivery models and that they undertake Value for Money self-assessments and comply with the Value for Money Standard.

## **Procurement – key principles**

- ✓ The primary focus should be desired outputs and results of any process of procurement whether it is for professional advice and services or building and refurbishment works
- ✓ Always seek to balance quality and cost
- ✓ Ensure that works programmes are packaged and delivered in the most efficient manner to reduce costs
- ✓ Consider all available options to determine the most appropriate solution
- ✓ Use competition to obtain best value
- ✓ Ensure that procurement processes follow the organisation's policies and priorities and that fraud and corrupt practices are eliminated
- ✓ Comply with all relevant legislation and regulatory requirements
- ✓ Be transparent and accountable to the organisation's members and community

## 2 Contractor checks

Effective risk management in contractor selection is based on acquiring all necessary information and certification before making appointment decisions; always check information that you are provided.

The tendering process should include an application form that gathers key information; the table below outlines the minimum information that should be requested.

<b>Information requirement</b>	<b>Specific detail</b>
Company details	Company name Registered address Details of any parent company Company legal form Company registration number
Company director details	Director name Director address Other directorships held by directors
Financial details	Company accounts Statement of financial assurance
Types of works offered	List of works directly provided and sub-contracted Fee structure
Commercial references	Name, address and contact details for existing or recent commercial clients
Trade registration details	Trade body membership details Gas Safe and NICEIC registration details
Tax registration details	VAT and CIS registration numbers
Insurance details	Copy of insurance policy
Waste management systems	Details of waste management processes and certification
Health and safety policy	Details of health and safety procedures and processes
Employment policy	Details of safeguarding checks undertaken on employed operatives and sub-contractors