

A Handbook For CHECKING SPECIFICATIONS

FOR CONTRACTS AND SERVICE LEVEL AGREEMENTS

- **Contract packaging**
- **Evaluation criteria**
- **Specification strategy**
- **Specification and tendering instructions**
- **Performance standards**
- **Monitoring performance**
- **Quality plan**
- **Contract conditions**
- **Method statements**
- **Quantifying the work**
- **Equal opportunities**
- **Pricing mechanisms**
- **Council policy**
- **Preparing for tender evaluation**
- **Environmental policy**

CENTRE *for* PUBLIC SERVICES

Research • Strategy • Planning • Training

Public Service Practice 6

A HANDBOOK FOR CHECKING SPECIFICATIONS

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Introduction

We have produced this handbook to help client officers, in-house services and Direct Service Organisations, user organisations and trade unions in the wiring and checking of specifications.

It has been written primarily for local government although it is applicable in the National Health Service, the Civil Service and other public service organisations. Government advice in both the *Market Testing in the NHS* and the its *Guide to Market Testing* for the Civil Service is remarkably brief in terms of preparing specifications.

The advice and information in this handbook will be equally useful for the preparation of **Service Level Agreements (SLAs)** as well as specifications for competitive tendering and market testing. Although SLAs are often less detailed than contract specifications they must, nevertheless, include a clear and concise description of the service, working methods and procedures, performance standards and targets.

We have referred to **user** throughout the text as a generic term - it applies to tenants,

patients, passengers and to service users generally.

The process of preparing a specification is often fragmented. A small team is ultimately responsible for the specification but sections are often prepared by a number of officers. There are usually a wide range of comments on the draft specification from officers, users (internal and external) and trade unions.

We have prepared *Checking Specifications* to:

- Enable local authorities and other public bodies, together with trade unions and user organisations, to make a final assessment of specifications prior to advertising tenders and issuing contract documents;
- Ensure that the specification fulfils the objectives of all the relevant aspects of the CCT tendering strategy. It is important to create an opportunity to assess the overall strategy and make any final amendments;
- Check whether corporate policies including equal opportunities, anti-poverty strategies, economic development and health and safety

Figure 1: **Tendering Timetable**

Action	Month	No of days
Tender Notice published <i>Specification available</i>	early May	6 weeks (min 37 days, max. 6 months)
Shortlisting <i>Investigation of competitors</i>	mid June	8 weeks (min 47 days/max 131 days)
Tender invitation <i>Statement of Quantities</i> <i>Evaluation criteria</i> <i>Subjects for Method Statements</i> <i>Preparation of in-house bid</i>	mid August	6 weeks (min 40 days, no max.)
Tender deadline <i>Tender evaluation</i>	mid October	10 weeks (no minimum, 90 days max)
Award of the contract Start of the contract	December/January 1 April	3 months (30 days min, 120 days max)

policies have been built into the specification;

- Ensure users, staff and trade unions have been fully consulted and their comments incorporated into the specification.

The preparation of specifications, contract conditions and other tender documents is very time consuming. It is all too easy to get to the point of saying "right, that's it, enough is enough!" Whilst that response is understandable to a point, it could be detrimental to the tendering process.

The specification should not only inform contractors, in varying degrees of detail depending on the strategy adopted, what, when and how to provide the service but it is also the means by which the contractor prices the work. Loose statements in the specification are very likely to lead to the contractor under-estimating the full cost of carrying out the work. A contractor only has to do this in a few areas and it could lead to the submission of prices well below the in-house tender.

The specification determines the level of service for the length of the contract. Whilst variation orders can be used to accommodate changes in the volume of work, it is much more difficult to use them to compensate for a flawed specification. This is particularly so in a climate of financial stringency. So it is vital to get it right **before** the contract is advertised.

Timetable

The timetable (see page 3) shows the example of contracts to starting on 1 April and is based on the latest possible dates by which different stages of the tendering process must be completed. The timetable must also comply with European Commission and CCT maximum and minimum timescales. Tendering in the shortest possible time has certain risks. Authorities will no doubt want to build in a degree of flexibility into the timetable.

The specification must be available once the contract advertisement is published.

However, further adjustments to the specification are possible after this date so long as they are not fundamental changes. They will have to be included in the final version issued at the invitation to tender.

The specification must be:

- **Clear:** to enable tenderers to fully understand the purpose and content of the service.
- **Concise:** to define the responsibilities and roles of the client and contractor to minimise misunderstandings and disputes during the contract.
- **Comprehensive:** to cover all aspects of the service, including support services, which are part of the contract of SLA.
- **Consistent:** performance standards, working methods and procedures must be applied throughout the specification.

The specification must **concentrate** on the service being tendered and require the contractor to **cost** all aspects of the work.

The evaluation criteria can either be included in the tender advert or with the tender documents when the invitation to tender is issued. The same applies to the requirement for method statements which can either be identified in the specification or with the invitation to tender. Some authorities only inform contractors of the subject of method statements at the latest possible time in order to minimise the time they have for preparation. Whichever practice is adopted, it is vital that the decision is made early in the process so that the release of information in the specification and other contract documents is based on a strategic approach and does not divulge key information, thus providing contractors with the content of method statements or the Quality Plan.

Who should be involved in checking specifications

Role of client officers

Client officers have overall responsibility for preparing the specification but must ensure that others are involved in the process. They should:

- prepare the draft specification
- ensure technical officers comment on the draft
- ensure internal users and internal clients of the service comment on the draft
- ensure that other agencies, partnerships or organisations involved in service delivery and/or assessing user needs also comment

on relevant draft sections of the specification

- ensure external users are fully consulted
- ensure staff and trade union representatives
- examine comments and proposed amendments and prepare the final version
- report back to other clients, trade unions and users on reasons for non-inclusion of any of their comments
- devise monitoring system
- prepare tender documents

The specification and monitoring proposals should be checked with:

- Client officers
- Technical officers from user departments
- Legal officers
- Representative of tender evaluation team
- Trade union representatives
- User/Tenants organisation representatives

Ways of checking the specification

Adopting role of private contractor:

Organise a small group of officers and trade union representatives to adopt the role of a private contractor and examine the specification for loopholes, vague descriptions and/or elements of the service which have not been properly or fully specified. It is taking a different approach which normally involves looking at the specification to see if it is comprehensive. But there are limits to this being done by those who have spent several

months drawing up the specification and are probably too close to it to identify any of its weaknesses.

Internal users panel: Once a draft is prepared, draw together a small group of internal users from other departments to assess the specification from their particular standpoint. This would need to focus on those elements of the specification which dealt with the specified service to those users and the coordination and information.

Dry run: Arrange for staff to operate according to the specification for a trial period in order to test the various clauses and their compatibility to the way the service is delivered. A dry run would obviously have to take into account any planned changes between the current service and that stated in the contract. A dry run should also assist the in-house service in pricing the specification.

Focus on key elements of the service:

Select key sections of the specification and test them against the criteria in the checklists in this report to identify any omissions or weaknesses.

Testing the strategy: Check the main components of the specification with the agreed corporate tendering strategy. Does the level of detail, method statements, performance standards and targets, quality and equality requirements comply with the strategy.

Another way to check the draft specification is to use the following list of questions which have been divided into three broad categories in order of importance.

Legal requirements

There are few legal restrictions on the content of specifications. The Local Government Act 1988 requires that specifications must be detailed and available for inspection when the authority advertises the tender [Sections 7(b) and 7(3)(b)].

The specification must be in a form which can be copied [Section 7(2)(c)].

The specification must avoid 'anti-competitive behaviour as described in [Section 7(7)].

The specification must include a statement concerning the length of the contract [Section 7(3)(c)].

The DSO must comply with the specification for the contract period if it is awarded the contract [Section 7(8)].

Stage 1

Does the specification fully reflect the authorities CCT strategy?

Are all the relevant corporate policies correctly referred to?

Are the service objectives translated into clauses in the specification?

Stage 2

Is the task adequately described?

Is the name of the client stated?

Are statutory requirements adequately described?

Is the frequency, volume or quantity of the service stated?

Does each clause have a performance standard?

Are performance targets clearly identified?

Are procedures, processes and working methods appropriately described?

Stage 3

Do the contract conditions fully protect the authority's interests in terms of the use of assets by a contractor?

Do the contract conditions fully describe the monitoring system with financial deductions for defaults and poor performance?

Practical advice for trade unions and user organisations

1. Target specific parts of the service - don't attempt to examine every part of the specification in detail.
2. Share the task of examining the specification between different officers or representatives.
3. Check that the specification is drawn up on the basis of the current service (Service Profile) or improvements made during the Service Review.
4. Look for loopholes and/or where you believe the service is not fully described or detailed.
5. Ensure that quality standards are clearly set out in the specification and that these can be readily monitored.
6. Make sure that the specification sets out the methods and procedures for delivering the service and achieving the required standards (except where a Method Statement is required).
7. Make sure that contractors are required to produce a Quality Plan as part of their tender.
8. Ensure that the monitoring system is fully detailed together with the defaults procedure and financial deductions for non or poor performance.

The role of Councillors:

Councillors will need to be involved in decisions regarding the following key stages in the tendering process:

- Agreeing corporate CCT Strategy covering manual & white collar services
- Client - contractor organisation and relationship
- Agree involvement of trade unions and tenants organisations
- Packaging decisions and understanding key issues from sector analysis

Once the specification is drafted, Councillors will need to:

- Approve the specification
- Agree the criteria for tender evaluation at advertising stage or inclusion in the tender documents
- Agree the monitoring system
- Agree the main stages of the tender evaluation process
- Make an initial decision on TUPE applying to the contract

Decisions on these five points will have to be taken before the contract is advertised because they must be referred to in the tender advert or included in the tender documents which are available for inspection by potential tenderers.

Councillors will also need to be involved in the following stages of the tendering process:

- Selection of tenderers
- Final decision on the application of TUPE
- Evaluating tenders and the contract decision
- Approval of the in-house Public Service Plan

Why the specification is important

The specification sets out the level and quality of service and it is the document on which the in-house service/DSO and contractors calculate the tender price.

The specification and tender documents should include:

- the Council's legal and statutory duties
- the Council's policies for the particular service
- a description of the work
- the required standards of service, staffing equipment and materials
- the process and method of service delivery
- monitoring framework (contract conditions)

If work is not specified then the contractor is under no legal obligation to carry out the work. The client will be forced to issue variation orders and provide additional finance if work is required by the authority but not included in the specification.

It is vitally important that all the relevant performance standards are clearly stated.

The specification needs to be a comprehensive, integrated document and not simply a series of separate items, each covering a distinct aspect, for example, quantities and frequencies.

..But there are limitations

The specification does have certain limitations. It cannot be comprehensive enough to avoid later changes and amendments. Nor can it entirely anticipate the form and economics of technological change over the length of the contract. Changes or variations to the specification must be anticipated. Specifications are also often subject to budget cuts (particularly when the in-house service wins the contract). Nor can the wording, no matter how much effort is put in originally, prevent disputes arising over its interpretation and meaning. Contractors are usually adept at identifying such areas.

Competitive edge

The specification should also be built on the authority's assessment of its competitive advantage over private contractors. Below we have identified the likely advantages and disadvantages:

In-house

- Quality
- Technical and service know-how
- Public service approach
- Equal opportunities
- Health and safety
- Trade union and staff commitment
- TUPE in the short term

Contractors

- Overhead and support service costs
- Productivity
- Restructuring after the first year of the contract
- Changes to terms and conditions

Competitive advantage, however, is only relevant if the specification and tendering strategy builds on all the authority's advantages and attempts to minimise the opportunities for private contractors to take advantage of their competitive edge.

A Strategic Approach to Tendering

There are 14 key elements or stages in the tendering process, each one being singularly important and having a direct bearing on all the others. They are divided into a preparation stage, the tendering process and the post tendering stage. The specification and contract conditions (which include the contract monitoring system) form the core of the tendering process.

Preparation stage

1. Negotiating trade union/tenant involvement

Agreement on involvement in tendering process with management and councillors and access to information.

2. Client - Contractor Relationship

Basis of cooperation and not conflict; sharing of information.

3. TUPE Policy

Decision in principle about applying to contract. Ensure authority is prepared to fully assess TUPE bids.

4. Service Profiles and Review

Building a clear picture of the existing service including staffing, use of resources and equipment, organisation and management, standards, and financial information.

5. Public Service Plan or Business Plan

Drawing up a plan for the service for a 3-4 year period.

6. Sector Analysis and investigation of contractors

Analysis of trends, development in the sector and market intelligence about the main interests and strategies of the key companies, housing associations or other organisations likely to bid for contracts.

Tendering stage

7. Contract Packaging

Decisions on the content and form of the contract package

8. Quality Specifications

Drawing up comprehensive specifications based on at least the current level, standard, and method of service.

9. Contract Conditions

Essential to ensure services are delivered

according to the specification and in the manner, time and standard required by the Department and users.

10. Monitoring systems

Ensuring a system of regularly checking and assessing performance with financial deductions for defaults.

11. Advertising and Selection of tenderers

Evaluation criteria stated in advert and full investigation of contractors.

12. In-house bid preparation

Ensuring submission of an effective and accurate bid.

13. Rigorous Tender Evaluation

A full assessment of each tender covering

technical and financial matters.

Post Tendering

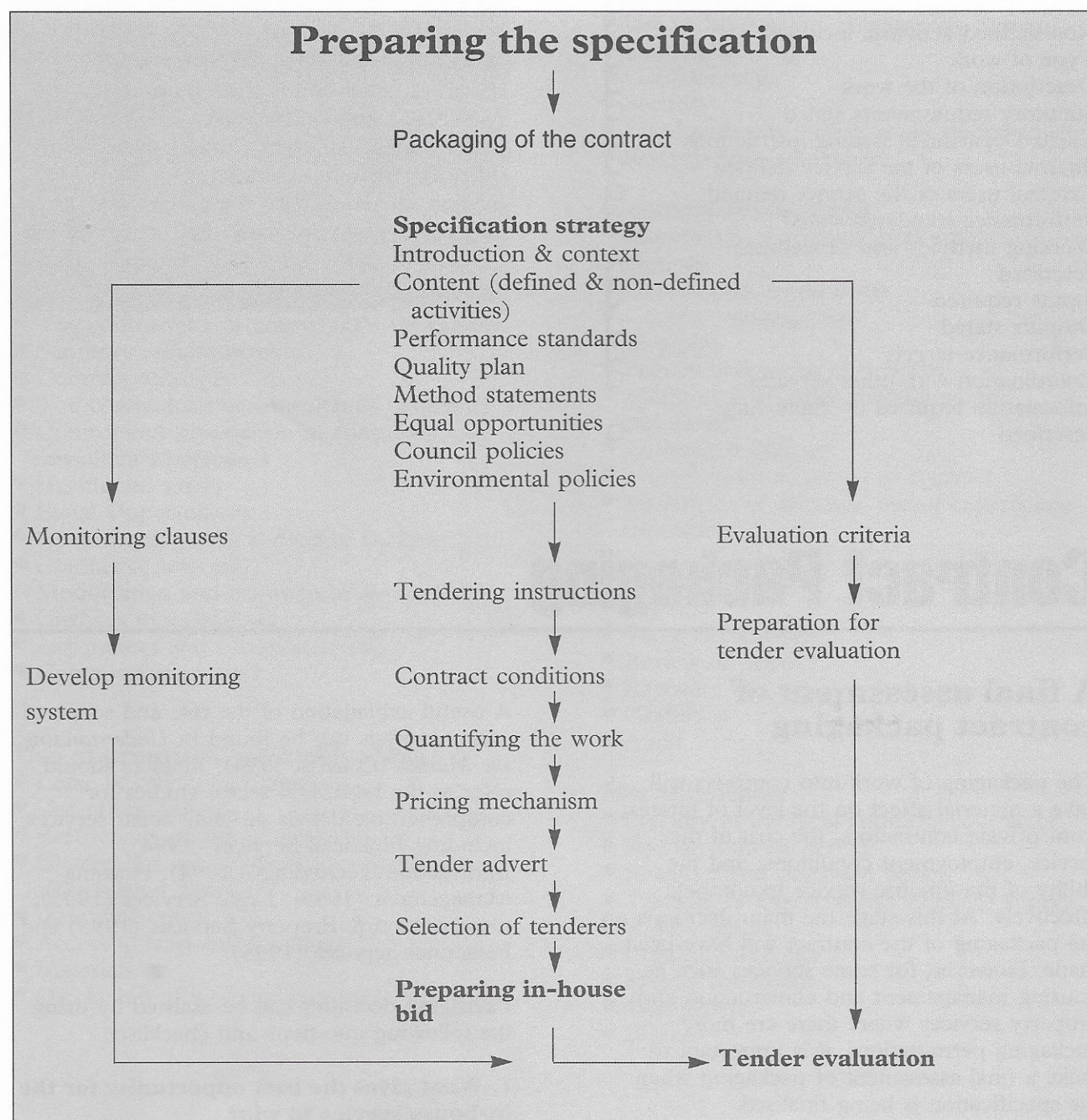
14. Evaluation and review of tendering strategy

Learn the lessons and apply in other services and retendering

CHECKLIST

What to look for in the specification

There are broadly two aspects to consider. Firstly, whether the specification is based on key elements such as method statements, a quality plan and whether council policies are



fully documented. Secondly, whether sections and clauses in the specification contain performance standards, procedures and working methods.

1. Inclusion of key elements

Quality Plan	<input type="checkbox"/>
Method statements	<input type="checkbox"/>
Monitoring system (contract conditions)	<input type="checkbox"/>
Quantification of the work (actual or indicative based on previous workload)	<input type="checkbox"/>
Requirements of contractor to provide information	<input type="checkbox"/>
Council policies applied	<input type="checkbox"/>

2. Content of the specification

All CCT defined activities included	<input type="checkbox"/>
Non-defined activities included	<input type="checkbox"/>
Type of work	<input type="checkbox"/>
Description of the work	<input type="checkbox"/>
Statutory requirements stated	<input type="checkbox"/>
Client Department issuing instructions	<input type="checkbox"/>
Internal users of the service defined	<input type="checkbox"/>
External users of the service defined	<input type="checkbox"/>
Performance standards stated	<input type="checkbox"/>
Working methods and procedures described	<input type="checkbox"/>
Inputs required	<input type="checkbox"/>
Outputs stated	<input type="checkbox"/>
Performance targets	<input type="checkbox"/>
Coordination with other services	<input type="checkbox"/>
Information required by client fully described	<input type="checkbox"/>

Do's and Don'ts

■ Don't tell contractors everything: tendering is not just about obtaining a price and assessing their technical ability, it is also a process to test whether contractors understand and are able to provide the required service to the performance standards and quality demanded and have sufficiently resourced and priced their bid.

■ Do quantify all the work but then decide which parts of the service are less definable or where future levels may vary.

■ Don't provide details of the tender evaluation process when the contract is advertised, it is sufficient to indicate the criteria and a broad outline of the evaluation process.

■ Don't simply refer to other manuals (such as equal opportunities, domestic violence, racial violence in housing management contracts), unless these clearly identify client and contractor responsibilities. There is a danger that contractors may not base their prices on the full extent of the service. It could also lead to contractual disputes.

Contract Packaging

A final assessment of contract packaging

The packaging of work into contracts will have a material effect on the level of interest from private contractors, the cost of the service, employment conditions, and the ability of the inhouse service to compete effectively. At this stage the main decisions on the packaging of the contract will have been made. However, for some services such as housing management and construction and property services where there are more packaging permutations, it is important to make a final assessment of packaging when the specification is being finalised.

A useful explanation of the role and scope of sector analysis can be found in *Understanding the Market* (LGMB, 1994). Readers should refer to the UNISON sector studies for comprehensive details of white collar services including Financial Services (1994), Information Technology (1994), Housing Management (1995), Legal Services (1995), Construction & Property Services (1995) and Personnel Services (1995).

Packaging decisions can be assisted by using the following questions and checklists:

1. What gives the best opportunity for the in-house service to win?

2. Which package is in the best interests of the authority?
3. Which package is in the best interests of the client?
4. Which package does the DSO support?
5. Which package provides the best basis for the coordination of services and an in-house facilities management approach
6. Which package is in the best interests of staff?
7. Which package is in the best interests of users (internal or external)?

There are interests outside the authority such as contractors, management consultants, professional bodies, trade groups and the Chamber of Commerce who will have a view on packaging. However, the local authority's first and primary concern must be to the service and service users.

Packaging criteria

The final assessment of the contract package should be based on the following criteria:

1. Corporate policies and packaging of other CCT contracts:

It is essential that decisions concerning the packaging of contracts are made in the interest of the authority and not simply those of the individual client. The extension of CCT to white collar services means that packaging decisions are even more important and must balance the needs of individual services, the strategies adopted by other departments, corporate policies and Government regulations.

2. Use of Sections 2 (5) and 2 (7), Local Government Act 1988:

- use of Section 2(5) if work falls within more than one defined activity
- use of Section 2(7) to add work not part of a defined activity if it cannot be carried out efficiently separately (also exclusion of staff working less than 50% of time on a defined activity).

3. The functions, size and geographic coverage of the contract.

- operational requirements of the service
- user needs and interests
- existing arrangements, for example,

decentralised service, area-based, project-based contracts

- client requirements
- the technical ability of contractors
- legal restrictions
- financial considerations
- longer term development of the service

4. Single, multi-service or facilities management contracts :

Is the service best packaged as a stand-alone service or should it be combined with other services to form a multi-service or facilities management contract. This could achieve economies of scale and improve the coordination of services to users.

5. Length of the contract (normally 3 - 5 years)

Take into account:

- the interests of the client and service
- the demands and interests of contractors

6. Application of TUPE:

Division into smaller contracts or parts of a service, may in certain circumstances, make the application of TUPE more questionable.

7. Use of the authority's offices, equipment and depots:

The inclusion of fixed assets means that they will be available to whoever wins the contract.

8. Specification, quality plan and method statements:

The impact of packaging on the scope for method statements, for example, division into smaller contracts may limit the number and effectiveness of method statements in any one contract.

9. The planned type and level of monitoring:

The cost of monitoring will vary depending on the number of contracts. Contract administration and monitoring costs will be higher with several smaller contracts particularly if they are operated by different contractors. Coordinating the monitoring of other CCT contracts will also need to be considered.

10. Timing of service improvements:

These should be put into practice before the preparation of the in-house bid in order to test and develop changes to service delivery.

11. Interests of firms likely to tender:

The packaging of the contract may influence the number and type of private firms interested in tendering for the contract.

Questions on packaging

Another method of assessing the contract package is to use the following checklist of questions:

1. Does the in-house service have a clear competitive edge(s) and how should this affect packaging?
2. Are there specific parts of the service which will not be considered for tendering because of corporate policy or government advice?
3. What would be the effect if the contract was lost - will the different options have different knock-on effects?
4. What is the effect of different options on the distribution of overheads?
5. Are there differences in the number and type of jobs affected by different packages?
6. What are the equal opportunity implications of the package(s)?
7. What will be the effect on clerical and administrative staff?
8. What will be the impact on recruitment, retention, career development and the ability to train staff for the work remaining in-house?
9. Can the package be justified and defended in respect to challenges from the private sector or Government?
10. What will be the effect on other services excluded from tendering - will these become more vulnerable?
11. If the work is packaged in smaller contracts. There is much simplified reference to specifications being 'input or output based'. Describing in great detail everything the contractor must do or alternatively stating only the required standards of service (the output or outcomes) is not appropriate. contracts, what will be the effect if some are won in-house and some by the private sector?
12. What will the effect be on safeguarding the council's assets?
13. Could the proposed packaging lead to a conflict of interests if it is won by a particular type of private firm?
14. Can the work be readily specified?
15. Will there be any differential effect on trade union organisation?
16. Could packaging in one form make other services more vulnerable to bids because it would make it more attractive to private firms?

Specification Strategy

Most specifications are a balanced combination of inputs, processes or working methods, outputs and outcomes because all four are important attributes of public service. The process by which services are delivered are often just as important as the completion or delivery of the service. For example, the reception area, the ambiance, cleanliness and security are important attributes for users in sports and leisure facilities. In many public services the inputs, processes and outcomes are linked together.

Inputs

Inputs are the resources used to deliver the service such as staff equipment and facilities.

- Qualification, competency and experience of staff;
- Type and location of offices and depots;
- Type, technical performance, compatibility, safety and security of equipment and supplies;

Processes

Working methods or processes would cover the frequency, sequence, procedure and the means by which the service will be delivered and integrated with the authority's other services and contracts. These include:

- Statutory requirements
- Best practice methods

- Quality systems
- Local authority's corporate and departmental policies and procedures
- Professional codes of practice
- Professional management standards.

Outputs

Outputs focus on the completion and quality of the final service. The focus is not on the means of delivery but the quality of the final service. These include:

- Completion within timetable
- Accuracy
- Fulfilment of targets
- Achievements
- Reliability
- Responsiveness.

Outcomes

Outcomes focus on the consequences or results service delivery. They can rarely be specified but are normally expressed as performance targets, for example, reducing rent arrears by 10%, increasing the use of a facility, maximising rental income from local authority property and so on. Examples include:

- Increases in use or income.
- Reduction in waiting periods, costs, arrears.

There are broadly three approaches to preparing a specification. The first is essentially an **input specification which defines every activity, standards, together with the method of delivery.** The disadvantage of this approach is that tender evaluation is essentially focused on contractor prices because the specification has detailed all the work and processes which have to be followed.

The second approach, essentially an output model, is where the specification concentrates on the **outputs and outcomes to be achieved and allows contractors scope to introduce new working methods.** This would allow contractors to gain a considerable competitive price advantage compared to an in-house tender which was based on established best practice and procedures which had been agreed with users and other council departments.

A third approach, and one which is highly recommended, involves preparing a **comprehensive specification with a quality plan and method statements**

required on selected areas of service delivery. It is neither an input nor an output specification but one which combines a description of the required service, setting performance targets and a thorough test of whether the contractor has the ability and resources to meet and sustain the required standard of service. It also sets a more comprehensive agenda for tender evaluation. This approach is based on continuing current methods of service delivery which have been adopted as a matter of best practice and through consultation. Contractors should be tested (through method statements) on their ability to improve service delivery and achieve performance targets.

This point is reinforced by the Audit Commission's *'Putting Quality on the Map'* which stated that the specification of a quality service can be very wide ranging and might cover:

- defining corporate and service policies
- defining objectives, intentions and priorities
- standards to be achieved, and speed of response
- accessibility and availability
- resource input
- environment of service delivery
- staffing and qualifications
- staff courtesy
- methods to be used, and
- expected outcome.

Structure of the specification

The specification is normally divided into the following parts or sections although not all these sections will be relevant to all services:

- Introduction and context
 - Corporate policies
- Description of the service
 - Service policies and objectives
- Description of each element of the service
 - Identification of the client and/or users
 - Responsibility of the contractor
 - Quality and performance standards
 - Working methods and codes of practice
 - Timetable
 - Performance targets
 - Interface with other contracts and contractors
 - Record keeping and data storage
 - Reporting requirements to client
- Additional services
- Definition of terms
- Appendices for additional information or schedules

Introduction to the specification

The introduction to the specification must set the context for the contract. It is an opportunity to set out the authority's corporate and service policies and objectives. The introduction should therefore include the following sections:

- Importance of the service to the authority
- Council policy for the service
- Legal requirements
- Capital programme
- Service standards
- Quality and programming of work
- Customer care and complaints procedures
- Health and safety for staff, users and the public
- Equal opportunities policies
- Contract monitoring policy and performance of the contractor
- Application of TUPE
- Consultation with trade unions
- Consultation with service users
- Tender evaluation criteria.

The specification and tender documents must also include a requirement of tenderers to produce the following:

- Quality plan
- Method statements

The specification's contents

In order to achieve its purpose, the specification must include the following

Scope of the work

- corporate and departmental policies and objectives
- scope, description and quantity of work
- responsibilities for reporting, advising, reviewing, liaising, programming, ordering, supervising and monitoring
- frequency of the work
- response times
- timing of work including restrictions on when the work is carried out.
- completion dates or key events
- emergency service
- variations and additions

Quantity or volume of work

- volume of work
- level of work

- area to be covered
- anticipated changes as a result of future development

Method of work

- method of carrying out different aspects of the work
- security arrangements where there is access to confidential information or expensive equipment
- consultation with users of the service

Standard and quality

- standards of work and levels of service
- qualifications of the workforce
- performance standards

Clients and users

- identification of clients in other departments
- requirements to work, liaise and coordinate service delivery with other agencies, partnerships and organisations
- details of existing networking arrangements to be maintained and/or developed
- role of different organisations in needs assessment
- responsibilities of clients and organisations in community development
- responsibilities for funding community based initiatives

Application of professional codes

- statutory requirements for particular services, for example, The Standard of Conduct for Architects (ARUCK) or Solicitor's Practice Rules
- application of professional codes of conduct, for example, the Institute of Consulting Engineer's Rules of Professional Conduct and the Chartered Institute of Housing's Code of Professional Conduct
- adoption of professional standards of management, for example, the Law Society's Practice Management Standards

Management and supervision of the contract

- requirements for the management and supervision of the contract
- management structure for the service
- auditing invoices/orders
- records to be maintained
- information required by management

Equipment and facilities

- standard of equipment and materials to be used
- compatibility of equipment
- maintenance of equipment
- facilities to be provided by the client and those by the contractor

Health and safety

- policies and arrangements under all legislation applying to the service
- supervision requirements
- safeguards for the workforce, council staff, users and the public
- qualifications required of staff carrying out specified tasks
- training of staff in health and safety procedures

Contract monitoring

- statement of local authority's commitment to, and details of, its monitoring policy
- contractors' responsibilities for quality control
- records to be kept by contractor
- procedures and penalties for non-completion and defaults (in contract conditions)
- dealing with complaints

A great deal of cross referencing is essential. The point is not that the authority has covered all eventualities by all the documents but whether the tenderer fully understands all the different aspects of the work when pricing their bid.

Checklist

1. Have all elements of the service, in terms of the defined activity, been included in the specification?
2. Have all additional non-defined activities been included as planned?
3. Are the reasons for excluding certain activities fully justified?
4. Have the different characteristics of areas been fully recognised in the description of the service and volume of work?
5. Have different levels or frequency of service delivery been fully and properly described?
6. Has the final draft specification been

checked against the service profile and any changes made during the review of the service?

Management Information

Client officers will need to identify the management and financial information which the contractor will have to supply on a regular basis to the client. It will be necessary to identify the following:

- a clear description of the information required;
- the frequency of the information, for example, weekly, monthly, quarterly and/or annually as part of regular statistical returns;
- the basis for collection of the information, for example, on a contract, area of office basis;
- the format of the information, for example, paper or access to computer records;
- additional qualitative information such as the reasons for rejecting or deferring applications, termination of tenancies and the refusal of offers.

The specification should be clear about which information the client will be able to access as required from IT systems (which will impose a requirement on the contractor to maintain up-to-date computer records) and which information the contractor will have access to from service records and their own performance monitoring systems.

Project briefs

Stages

1. Feasibility
2. Initial design options and estimated costs
3. Consultation
4. Detailed design and estimated cost of chosen scheme
5. Contract documents and tendering process
6. Supervision and management of contractor

Content of project briefs

- Objectives
- Surveys and research
- Design and quality standards
- Policy guidelines

- Consultation process
- Liaison with utilities
- Programme, timetable and target dates
- Frequency and format of reports and financial information
- Production of plans, drawings, reports, and schedules
- Cost benefit analysis
- Approvals required
- Statutory requirements
- Specialist advice and support

Performance standards

Standards are distinct from objectives, descriptions or statements about the service or from quantifying the volume or amount of work. Performance **standards** indicate the quality and achievements which the contractor must attain in the delivery of the service. For example, maintaining rent arrears at 5% is a performance standard.

Performance standards are important to help ensure that the required quality of service is delivered. They form the basis of contract monitoring and they reduce the possibility of under-pricing by tenderers who may otherwise price their bids on a different interpretation of the quality of service required.

Performance **targets** relate to the quality of service or achievements which the client wishes to obtain during the contract. For example, reducing rent arrears to 3% within 12 months is a performance target. It is not being achieved now but it is a policy objective.

Identifying the standards

The specification should have been drawn up on the basis of the Service Profile and the Service Review. Make sure that it is rooted in the Profile and incorporates any changes agreed during the Review. This process will also ensure that existing performance standards, written or unwritten but accepted as part of working practices, are clearly identified.

Many service standards and objectives will have already been identified in other council reports and documents including:

- Service Level Agreements
- Service agreements with other departments or organisations

- Committee reports on policy reviews and performance appraisal
- Annual reports and reviews
- Public Service or Business Plans
- Tenancy Agreements
- Service guarantees or charters
- Performance Indicators required by the Audit Commission

These should be drawn together prior to drafting the specification.

Ensure the specification is checked by staff who were involved in the development of the specification.

Ensure that rigorous quality standards are built into the specification. These may be British Standards, their European equivalents, standards set by professional and technical institutions, or the accepted standards set down in reference books or manuals. Ensure that the in-house service can also meet these standards. Use the Public Service Quality Framework (see page 19) to ensure that the specification is based on a broad definition of quality.

Identify the qualifications required for staff involved in different aspects of the work.

The following checklist can be used to ensure performance standards are relevant.

1. Are they standards of service rather than statements about the quantity or a description of the service?
2. Are they achievable (what is the current in-house performance?)
3. Can they be regularly monitored and is the information valid?
4. How will they be monitored - method,

frequency and does this fully reflect performance by the contractor? Are there other factors which will influence the level of performance?

5. Can default procedures be instigated and/or financial damages applied for failure to carry out work or poor performance?

6. What are the minimum - maximum performance standards?

7. How will the contractor's ability to meet and maintain performance standards be assessed at tender evaluation stage, for example, quality control systems in place, resources into self monitoring, management organisation and responsibility?

8. Are the performance standards applicable in the delivery of the service or are they essentially part of management information?

Types of performance standards which can be built into specifications:

- **Frequency of service** (for service as a whole and for specific parts, activities and tasks)
- **Completion within specified time** (urgent repairs completed within so many days of being notified, percentage of work completed)
- **Comprehensiveness of the service, investigation, report or advice.**
- **Achievement of financial targets** (income generated, reduction in arrears)
- **Accuracy of reports, advice, schedules and billing** (number and severity of errors)
- **Response times** (responding to, completing work, maintaining opening hours)
- **Recommended guidelines** (nutritional value/content, professional standards/codes)
- **Waiting times** (maximum waiting time for interviews or service)
- **Turnaround time** (change of tenancy or use)

- **Notification** (notification of visits, defaults etc to users, normally 100%, within specified period)
- **Reliability of work** (minimum of work requiring correction, number of failures per week)
- **Quality of advice to committees** (written and verbal, according to agreed format)
- **Availability** (opening times of facilities, time lost due to breakdowns and interruption of service)
- **Regular reporting to client and annual report** (monthly, quarterly and annual reports)
- **Availability of information to users** (type, readability, community languages and availability in different locations)
- **Security of information** (non-disclosure of information, mis-direction of documents)
- **Quality of database(s)** (computerised or manual systems)
- **Equal opportunities targets** (see performance targets and equal opportunities sections on page 25)
- **Achievement of economic development and anti-poverty policies**
- **Building users needs met**
- **Dealing with enquiries**
- **Minimising complaints** (number received, dealt with, levels of user satisfaction).

Customer care performance standards

In addition to performance standards relating to the main service to be provided there will also be a series of standards required for customer or user care which need either to be included in the specification or be the subject of a method statement. These may include the following:

Reception services

- civility and respect in dealing with enquiries
- maximum queuing times
- availability of information about the service in reception areas
- availability of advice on user rights, policies and procedures

- staffing levels of reception areas
- confidentiality
- dealing with aggressive users
- facilities provided in reception areas including condition and cleanliness
- availability of interpretation and translation services
- privacy of interviewing facilities (if required)
- access for disabled

Correspondence

- time taken to respond
- form of response

Telephone and fax service

- time taken to answer
- procedures for dealing with complaints, enquiries, messages, compliments and suggestions.
- speed of response

Office cover

- availability of reception and information service throughout opening times

Staff presentation

- standards of personal appearance
- wearing of identity cards or name badges
- use of uniforms
- staff code of conduct

Reliability

Record keeping

- logging of enquiries, information requests, complaints and compliments

Document control and security

Customer care training

- training and induction programme

Monitoring of customer care

Performance targets

The establishment of targets is very important for the future performance and development of the service. Targets could cover a range of issues such as:

- Improving the quality of service. For example, by reducing financial deductions for defaults from 5% to 3% of contract payments within 6 months.
- Increasing access to or use by particular groups of users. For example, the expressed needs of groups of users can be fulfilled within a given period.
- Increasing financial objectives such as

increasing income and/or reducing arrears. For example, reducing rent arrears as a proportion of rental income from 7% to 5% within two years.

- Increasing the skills and experience of staff through training and development programmes. For example, increasing the percentage of staff with management training, increasing the percentage of staff with customer care training.
- Increasing levels of user satisfaction with the service. For example, reducing the current level of complaints from 8% to 5% of users within six months.
- Introduction of information technology to improve effectiveness. For example, setting implementation dates for the use of computers in certain tasks or introducing new equipment in service delivery.

Equal opportunities targets could include:

- Increasing the percentage of women, black and ethnic minorities and disabled in the workforce and in senior management posts. For example, setting targets for particular services or groups of staff so that they reflect the composition of the local community.
- Registering and monitoring complaints from black and ethnic minority users. For example, getting a complaints system operational which is accessible to black and ethnic minority users.
- Proportion of staff receiving training. For example, ensuring that all frontline staff have been on an equal opportunities training course by a certain date or that a percentage of staff have been on a retraining course.
- Completion of establishment of employment monitoring system in each service. For example, setting a date by which all services must provide specific employment information.
- Development and implementation of equality action plans. For example, establishing a work programme to ensure that all departments, divisions or sections have prepared a plan and that a monitoring system is in place to regularly assess progress.

- Improving the assessment of users needs generally and for particular groups of users. For example, that certain kinds of needs assessments and user consultations must be carried out within a timetable.

User consultation

The Service Profile and Review should have provided the opportunity to:

- review **communication** strategies and identify alternative methods of communicating with different groups.
- review existing **consultation** procedures and identify whether certain groups have been excluded.
- review procedures for **monitoring and evaluating** service delivery to various groups of users or potential users.
- review procedures for conducting user satisfaction surveys.
- prepare a needs profile of various groups and interests relevant to each service.

This should then be built into the specification under the following headings: (or require a method statement from tenderers)

- involvement of different groups and organisations in the community

- use of local facilities
- consideration of the cultural and political aspects of venues
- accessibility of venues
- provision of transport
- timing of meetings: varying times to maximise opportunity to those working shifts and evenings and weekends. Avoid times of religious observation, festivals or major local events
- means of advertising of meetings
- availability of interpreters
- availability of information in community languages
- child care provision
- attendance by relevant officers
- focus of meetings to provide interest
- structure of meetings and events including opportunities for questions and discussion
- chairing of meetings and representation
- media access
- organisation of elections
- reimbursement of travel expenses
- minuting and reporting of meeting
- circulation and follow-up of minutes

Quality plan

The EU Directives and UK legislation and regulations enable authorities to specify the quality of service they require to be delivered under the contract and to assess tenders on the basis of predetermined quality criteria. These will be stated in the specification and contract documents. The authority can determine these requirements to be met through separate statements or they can be combined together into a Quality Plan.

The Government has placed more emphasis on quality with regard to the extension of CCT to white collar services, particularly comparing DOE Circular 10/93 with the Draft Guidance for White Collar Services issued with the Consultation Papers. However, UNISON believes that quality criteria must be equally applicable for both manual and white collar services.

A Quality Plan should be required from all contractors. It can be included as a condition of contract and all tenderers should be notified that it will be assessed in the evaluation of tenders. This plan should be required irrespective of whether the contractor has, or is seeking, accreditation for BS EN ISO 9000 (originally BS 5750). The definition of quality should be based on the EU Directive. The Public Service Quality Framework developed from research into local authority quality initiatives, provides a practical definition of quality.

The need for a Quality Plan was identified by the Treasury in their Central Unit Purchasing guidance, *Market Testing and Buying In*, and reaffirmed in the Government's *Guide to Market Testing*. It makes the case for Quality Plans very cogently:

"The standards to which the service should be provided must be defined accurately. An effective way of establishing the quality standards and the means by which they will be achieved is to require the bidders to prepare a quality plan based on the information available to tenderers, which may well require refinement within a short defined period after contract commencement. The quality plan should identify all the critical quality aspects of the work (such as qualifications, training, experience, capability and organisation of staff in relation to quality assurance); and define mechanisms by which these will be introduced, achieved and checked. Approval of the quality plan can be a condition of the contract/service level agreement and, if necessary, additional requirements can be added by the department or Agency if the plan is considered inadequate. The quality plan can also be used to assess each bid. This has the advantage of forcing bidders to specify how they will confirm that the required standards of service are being provided." (The Government's Guide to Market Testing)

The Government's guidance on Market Testing in the NHS, Schedule 17, states: "In conjunction with Schedule 10 tenderers should be asked to produce a quality plan that identifies how quality standards are achieved and maintained." Schedule 10 refers to contract management tasks to be undertaken by the provider unit and includes various aspects of quality.

The Quality Plan adopts a wider perspective on quality than that contained within EN ISO 9000 (BS5750). It should cover the following:

1. Identification and understanding of key quality standards. The required standards and performance measures will be identified in the specification and the contractor should be required to indicate their approach to meeting these standards and their understanding of the relative importance of the different aspects of quality.

2. The contractor's Quality Plan should contain their proposals detailing how they intend to meet maximum tolerances for failures and rectification. These include:

- deviation from agreed service delivery levels and schedules
- failures identified by client monitoring
- late/inaccurate returns of cost and performance data
- failure rates in equipment/materials provided or maintained by the contractor as part of

- the contract
- rectification of mistakes or poor work

3. How the quality standards in the specification will be met (this should detail the method and organisation).

4. The contractor's proposals for the monitoring of service delivery and their quality control mechanisms (this is separate from the client's monitoring responsibilities) and requires more than a reference to BS EN ISO 9000).

5. The quality of materials and equipment to be used by the contractor.

6. Detail the quality of staff and their management (qualifications and experience) for different professional, technical and administrative tasks required under the contract. This can be used to encourage contractors to voluntarily reveal how they will staff, organise and manage frontline services, particularly interviews and personal contact with tenants and users. Staffing of such services in many areas is as much about equal opportunities in employment as it is about equal opportunities in service delivery. It is also important to seek information about a contractor's proposals for training and career development.

7. The contractor's proposals for responding to user complaints and how users views will be assessed, for example, by surveys or audits, separate from client initiatives. This is particularly important for sports and leisure management and housing management contracts.

8. Quality of proposals to carry out consultation with tenants and users, particularly in housing management, sports and leisure management, and community care.

9. The contractor's commitment to developing and improving the service in partnership with the client.

Defining quality

A Public Service Quality Framework has been developed by the Centre for Public Services. It is based on six interrelated elements which encompass the quality of service and the process by which quality is achieved and sustained.

This framework can be used to assess the qualitative aspects of tenders. Not all the criteria will apply to all contracts. Some criteria will be more important than others depending on the service being tendered.

■ The core service

- the accuracy of the end service or product
- the accuracy of assessments (for benefits)
- the accuracy of factual data
- comprehensiveness of the service, advice or information
- completion within time targets
- completeness of legal and technical advice
- participation or rates of use
- reduction in waiting times
- achievement of financial targets for rents and charges
- reduction in arrears and debts
- reduction in empty properties
- reduction in unit costs
- achieving occupancy targets
- adequate staffing levels to meet the specification and conditions of contract
- adequate cover arrangements
- staff supervision
- flexibility to respond to changing demands
- number and type of recorded complaints
- contractor's own system for quality control
- project management
- quality of public service or business plan
- scope of monitoring information
- production of monitoring and quality control reports
- internal management systems
- quality assurance procedures and accreditation

■ Access to the service

- speed of response
- waiting times or queues for phone calls, correspondence, access to facilities
- dealing with backlogs
- turnaround time, time taken to deal with a case or claim
- accessibility of users to the service
- cost of the service
- frequency and reliability of service and opening hours
- facilities opened/closed at correct times
- information about the service available to users in plain English and community languages

■ The service environment

- cleanliness of the buildings and equipment
- availability of additional supporting facilities such as catering
- health and safety
- security of buildings
- security of computers and databases
- staff presentation
- uniforms

Example

One Metropolitan Authority is planning to require tenderers for its housing management contracts to submit the following:

1. A **provisional Service Plan** comprising its Method Statements and Quality Plan. Following the award of the contract the contractor will be required to produce an annual **Service Improvement Plan** which reviews and updates elements of the Quality Plan.

2. **Method Statements** are required for:

- Consultation with community groups
- Equal Opportunities
- Confidentiality
- Dealing with violent and aggressive customers
- Award of housing need points in respect of care leavers
- Building maintenance option appraisal and five year forward plan
- Managing the building maintenance budget

3. The **Quality Plan** will include, but not be restricted to:

- methods of ensuring that services are delivered to an agreed standard consistency both across the organisation and over time
- methods of performance checking and taking corrective action
- methods of documenting service delivery
- approaches to service improvement, including direct involvement of customers and staff in defining improvement

4. The contractor will provide its **Procedures Manual and/or good practice guides** as it considers appropriate as part of its Quality Plan and will include, but will not be restricted to, the following:

- Dealing with racial harassment
- Granting permissions
- Transferring joint tenancies
- Award of housing need points
- Termination of tenancy
- Management of council's policy on keeping animals.

■ The service relationship

- friendliness
- civility and courtesy
- sensitivity
- equality
- confidentiality of interviews and information
- customer care training
- social relations between workers and users
- lack of tension or conflict between different groups of users
- responsiveness and response times in dealing with complaints, errors or failures to deliver
- user satisfaction (surveys, panels)

■ Quality of employment

- equality of employment
- qualifications and experience of staff

- staff training programme
- safe working conditions
- pay and conditions of service
- industrial relations framework
- trade union recognition and negotiation
- involvement of and consultation with staff

■ Accountability and democratic control of the service

- consultation with users
- organisation and facilities for consultation
- quality of information made available
- service monitoring and quality review
- ability for users and potential users to influence decisions
- user/worker ideas for improvement and development

Method statements

What are method statements

A method statement requires the contractor to detail how they organise, staff and operate particular parts of the contract. They have to set out the procedures and processes which they propose to follow. They are in effect a 'test' of the contractor's ability to follow best practice and provide the service to meet client and user needs. A method statement could cover a major part of the contract or particular sections or parts of the service. Method statements should form an important part of the quality assessment.

The reasons for method statements should be justified and documented.

Purpose of method statements

- To examine the methods and procedures by which the contractor will carry out the work;
- To compare with existing procedures which have been developed through consultation and best practice;
- To provide a basis for evaluating competing tenders;
- To ensure proper coordination of contractor activities in the interests of service and user needs;

- To test the initiative and innovation of the contractor and how they would develop the service.

Condition of contract

Method statements should be made a condition of contract so that if a contractor fails to submit method statements, the tender can be deemed to be a qualified tender. They are also an important part of the monitoring system providing a framework for assessing the completion and quality of work completed according to set procedures.

Method statements must also be submitted by the in-house service. It is important that council departments do not permit copies of procedures and working practices to be made widely available.

It is reasonable to assume that some firms will become adept at producing method statements either by learning and applying method statements produced for other authorities or by buying in advice. However, in the short term it is not so important whether this is correct or not. Local authorities which require tenderers to submit method statements as outlined below could be strengthening their competitive advantage.

Number of method statements

With respect to major contracts such as housing management, construction and property services and legal services it would be reasonable to require between 10 - 20 method statements. Any figure substantially larger may run the risk of complaints from contractors (Newham's housing management contract required 46 method statements which resulted in complaints from contractors).

Each contractor must be required to produce the full range of method statements for every contract where a service is divided into separate contract packages. There should be a core of between 10 -15 method statements which apply to all contracts and, if necessary, additional method statements to take account of specific differences in service delivery in the contracts.

Possible Topics

There are three approaches to method statements:

Firstly, requiring a method statement for the service as a whole, for example, housing management, architectural services, or legal services. The content of such a method statement is discussed below.
Secondly, requiring a method statement for particular elements or parts of a service, for example, tenant involvement, community use of buildings, preparation of advice to council committee or eviction procedures. These method statements focus on the resources, plans, processes and procedures to be adopted by the contractor.

Thirdly, method statements which are more pro-active in that they require the contractor to detail how they would improve a service, reduce arrears or increase the use of facilities. They could be allied to incentive schemes in which any financial benefits may be shared between client and contractor.

A Hierarchy of Method Statements

Whilst there may be some contracts where an overall method statement is an advantage, which could be supplemented by method statements on some specific topics, we consider the best approach is to target method statements on particular operational aspects of the contract. Thus a hierarchy of operational proposals which can be assessed by the authority can be developed:

A Hierarchy of Method Statements

1. **Quality Plan**
(detailing how quality aspects of the service will be met and maintained)
2. **Overall Method Statement**
(Optional)
3. **Between 10-20 Method Statements**
(on specific elements of the service)

There are several advantages for authorities in requiring specific method statements rather than a more general overall method statement:

- Specific method statements require contractors to have a clearer and fuller understanding of the authority's policy for the service. Otherwise the contractor can submit general operational information they have included in tenders submitted to other local authorities.
- Tenderers are required to provide more details of their operational approach to service delivery.
- Tender prices are more likely to reflect the full cost of service delivery because contractors will have to more fully understand the authority's requirements in order to submit high quality method statements.
- More information about the contractor's proposed operational procedures will be obtained to assist the evaluation of tenders, about which any queries can be discussed with contractors at interview.

The selection of topics for method statements should be based on:

1. **Parts of the service where the in-house is strongest.** These will include parts of the service where a best practice approach has been developed and/or there are well established procedures which have been agreed between clients, users and other departments or agencies.
2. **Parts of the service where there are local differences, for example, where decentralisation, generic working, inclusion of non-defined services and other aspects of the service give it a**

uniqueness which the authority wants to maintain. It is, therefore, very important that contractors are required to show that they can comply with the authority's operational procedures and the requirements of the service. Stressing the **local** content in the assessment of method statements will result in contractor's standard method statements not scoring particularly highly. It will also mean that contractors will have to put additional resources into preparing the bid assuming they are intent on submitting a competitive bid based on locally relevant method statements.

3. Where sector or market analysis suggests that contractors do not operate best practice approaches or where private sector practice lags behind that of the public sector. It is perfectly reasonable for authorities to require contractors to show that they understand the finer points of providing public services and have the capacity and experience to manage such contracts.

The following are suggested topics for method statements.

All contracts

- A planned programme of work
- Resources (staffing levels, equipment) to be employed on the contract
- The qualifications and experience of key staff assigned to the contract
- Quality system
- Contract management
- Contract start-up
- Customer care policy
- Equal opportunities in service delivery (see Equal Opportunities section)
- Health and safety arrangements
- Environmental policy implementation
- Use of information technology system
- Consultation with tenants/users of the service
- Implementing authority's anti-poverty strategy

The following are **additional** examples relating to particular services.

Housing management

- Management of empty properties
- Allocations and lettings
- Rent arrears recovery
- Repairs service
- Managing the building maintenance budget
- Estate and environmental maintenance
- Tenancy agreement and management
- Dealing with harassment and neighbour disputes

- Alterations to Council property
- Benefits service (where included in contract)

Property management

- Community use of buildings
- Negotiating disposals by tender
- Preparation of advice to council committee
- Eviction procedures

Content of method statements

Each method statement should be required to contain the following elements. The authority should be looking for statements which address specific service delivery requirements in their authority and not generalised statements which could apply anywhere. They should be locally specific.

Requiring contractors to provide very detailed method statements may be considered 'anti-competitive' if a contractor complains and this is sustained by the DOE. However, it would be reasonable to require the following:

- The number, qualifications and experience of staff who will be deployed in each particular part of the contract.
- How the contractor will maintain the required level of expertise over the length of the contract.
- How the particular service will be managed.
- Quality systems to be employed in the service.
- How the performance standards will be achieved and maintained over the length of the contract.
- The contractor's technical approach.
- The ability and resources to carry out the specified service with proper regard to the health and safety of staff, services users and the public.
- Proposals for promoting customer care.
- Methodology for seeking user involvement and utilising user views in the planning and delivery of services.
- How equal opportunities policies will be implemented in service delivery.

- How environmental policies will be applied and sustained.
- Information system for keeping records, maintaining confidentiality and the security of databases.
- Proposed means of liaison and coordination with other contractors.
- The proposed integration of IT systems.
- Proposals for developing and improving the service, including staff and user involvement, in the contract period.
- Training proposals to implement procedures, customer care, equal opportunities and to attain and maintain performance standards.

This framework should be used in the assessment of method statements in the evaluation of tenders. For example, the five sections of each method statement noted above could be marked separately.

Local authorities will also have to decide the level of information about method statements which is included in the specification made available to contractors at the time the contract is advertised. There are broadly two options:

Either, detail what the method statement will cover (as explained above).

Or, state only that a certain number of method statements will be required but do not detail what they cover nor what is required. This would then be included in the tender documents sent to those invited to tender. This can only be effective if the specification is more output than input based, since a fully comprehensive specification would virtually provide contractor's with their method statements.

Example

One local authority required tenderers for its housing management contracts to submit the following method statement which combines an overall method statement for the contract with the requirements for a Quality Plan. The authority also required seven method statements for different parts of the contract. The overall method statement had to cover the achievement of the following:

1. The number, relevant experience, seniority and deployment to locations of those staff who will have and who will not have direct contact with members of the public and the level of devolved decision making to ensure that customers are offered a responsive, quality service.
2. Satisfactory arrangements for maintaining the required level of expertise and knowledge over the length of the contract.
3. The ability and resources to carry out the specified service with proper regard to the health and safety of employees and the public.
4. The systems and procedures that will ensure quality within the specified service.
5. To promote customer care by the provision of a high quality customer centred service.
6. An effective methodology for seeking and utilising customer views.
7. Adequate security and adherence to confidentiality rules and the legitimate production of information to other organisations.
8. Effective interface between the contractors IT systems and those of the Council (where the contractor chooses to use its own systems).
9. An effective security policy and procedures for IT systems and databases (where the contractor chooses to use its own systems).
10. An effective secure system for storing, issuing, disposing of and destroying confidential material and controlled stationery.

Equal opportunities

It is vital to make equal opportunities a key component of service quality. There are two aspects which must be taken into account, employment and service delivery.

Employment

Contract compliance was outlawed by the Local Government Act 1988. 'Non-commercial' considerations, including questions relating to terms and conditions of employment, composition of the workforce (by race, gender and disabilities) cannot be used as criteria for excluding contractors.

Local authorities can ask companies six 'approved' questions in relation to the Race Relations Act 1976. The Commission for Racial Equality (CRE) recommend that local authorities set racial equality standards for contracted out service delivery and for contractors.

Local authorities can include provisions requiring contractors to comply with the law concerning health and safety. Local authorities also have the right to insist on a competent, supervised and workforce.

There are no legal restrictions on local authorities requiring their DSOs to implement corporate equal opportunities policies once they have won the contract. But these policies cannot be imposed on private contractors if they win the contract.

Tender invitation stage

Authorities can examine the written evidence submitted by contractors to assess whether it fully answers all the questions. For example, does the contractor's written policy indicate:

- An understanding of equal opportunities?
- Working knowledge and experience of implementing equal opportunities?
- Responsibility for equal opportunities in the management structure?
- Does the policy cover both employment and service delivery?

Equal opportunities clauses included in Contract Conditions could cover the CRE

Code of Practice, monitoring composition of the workforce, employment of disabled persons, monitoring equalities in service delivery, contract termination clause, disclosure of information.

Equal opportunities in service delivery

There are **no** restrictions (other than those relating to non-commercial and 'anti-competitive' conduct) covering the inclusion of equal opportunities clauses in the specification in relation to the quality and delivery of the service. These should cover:

- Race
- Gender
- Disabilities
- Sexual orientation
- Religion

Equal opportunities is an integral part of quality. Authorities usually refer to their overall concern about quality with a statement in the introduction to the specification. This is followed by constant reference to quality and performance standards and targets throughout the body of the specification and contract documents. Equal opportunities must be treated in the same way. Equalities issues must be integrated throughout the specification.

It is inadequate and inadvisable to merely refer to the council's equal opportunities policy in the introduction and then claim that it applies across the contract. On paper, yes; in practice, no. If authorities are concerned to build on their competitive edge then they will build equal opportunities into the appropriate clauses of the specification.

There are no restrictions to assessing a tenderer's ability to fulfil the equal opportunities provisions in the specification with regard to the quality of service. It is, therefore, vital to make equal opportunities a key component of service quality by:

1. Ensuring that the specification conforms to the local authority's equal opportunities policies.

2. Clauses in the specification must refer to and be based on equal opportunities. These will be in addition to the corporate equal opportunities policy.

Contractors should be required to demonstrate:

- An understanding of equal opportunities policies and provisions in the specification
- A commitment to equal opportunities in different levels of the organisation
- Adequate training for staff to implement the equal opportunities provisions in the specification.

Code of conduct

A Code of Conduct for staff could be included either as part of a method statement

or included in the contract conditions. The Code could cover the following:

- * a responsibility for staff to act positively to prevent discrimination from occurring.
- * to avoid embarrassing, inflammatory or damaging words or gestures.
- * to be sensitive to the social, cultural and personal needs of different groups of users.
- * to communicate in plain language and to respect and facilitate those with special needs such as language, hearing, sight or learning difficulties.
- * to display respect to all users.

Method statement on equal opportunities

Contractors should be required to produce an equal opportunities method statement setting out how the contractor will meet the equal opportunities objectives. Authorities should tailor the requirements of the method

Example

Equal Opportunities in Service Delivery Policy Statement

Burnley Borough Council is committed to ensuring equality of opportunity and access to all its services for the whole of the community.

It is the Council's aim that no section of the community shall be denied access or receive a poorer service on the grounds of race, colour, nationality, ethnic or national origin, disability, religion, political persuasion, marital status, sex or sexual orientation.

In promoting equality of opportunity and access, and in order to encourage uptake of services by all members of the community, the Council will aim to ensure the following:

- That all members of staff are aware of the Council's commitment to equal opportunities, and of their own responsibility in relation to all Council equal opportunities policies and practices.
- That services are provided with regard to the identified needs of the whole community, whilst recognising the diversity of those needs.
- That consultation takes place with appropriate community groups in the development and evaluation of services.
- That the Council provides flexible services that respond to changing needs within the community.
- That all publicity and information produced by the Council reflects its commitment to equality of opportunity and access.
- That where appropriate (and legally possible) positive action programmes will be developed to target the needs of minority and traditionally excluded groups.
- That service delivery monitoring and evaluation systems will be developed in order to ensure consumer satisfaction by all members of the community groups (including monitoring of groups not currently taking advantage of services provided).
- That the Council will continue to aim for services delivered by a workforce that reflects the diversity of the community.
- That the public be made aware of their right to complain through the Council's 'Equal Opportunity Complaints Procedure' where they feel they have been discriminated against or harassed in the provision of services.

statement to their local circumstances thus requiring contractors to be specific and making it clear that the submission of a standard equal opportunities method statement will be inadequate. This will require the contractor to acquire an understanding of the current situation with regard to the achievement of equal opportunities policies in order to apply specific proposals.

In addition to the contents of a standard method statement outlined above, the equal opportunities method statement should also require the contractor to:

- detail the specific measures they would introduce to improve the implementation of equal opportunities in service delivery;
- identify how specific equal opportunities targets will be implemented;
- the type and programme of staff training in equal opportunities required as part of a customer care strategy;
- seek ideas and innovation from the contractor about their approach to improving equal opportunities as part of a quality service.

Checklist for assessing equal opportunities provisions in a specification

The following checklist should be used in checking the various sections and clauses in the specification to ensure the maximum appropriate reference to equal opportunities policies.

1. The specification identifies the **needs** of different groups of users and potential users.
2. The **content** of the service covers the needs of different users in terms of availability, access and openness.
3. The **process** of service delivery takes into account equal opportunities issues (procedures and working methods which are not discriminatory and facilitate the implementation of equal opportunities).
4. The service is delivered by suitably **skilled and qualified staff** with adequate supervision.
5. **Performance standards** are also applied to equal opportunities requirements.
6. How equal opportunities policies will be **applied in different areas or parts of the contract**. Whilst many equal opportunities policies should apply across the whole contract there are likely to be areas, such as inner city neighbourhoods or estates, where there are special projects and initiatives which require more intensive resources.
7. Equal opportunities provision in **decision-making** regarding allocating resources, the use of buildings, issuing tenancies, and in the planning & design of service delivery.
8. Equal opportunities components in other performance standards.
9. **Staffing and employment matters** in so far as they effect the implementation of equal opportunities clauses in the specification.
10. **Performance targets** are set for achieving equal opportunities standards.
11. Take up of and access to services for different groups of users will be **monitored**.
12. **Promotion and marketing** of the service to all current and potential users with a requirement for specific initiatives to reach different sections of the community. Tendering instructions could ask the contractor to provide proposals how they would meet equal opportunity targets.
13. Recognition that **needs may change** over the length of the contract.
14. Commitment to **consultation** with different groups of service users and potential users.
15. Availability, distribution and quality of **information** about the service.
16. **Complaints** procedures and investigation.
17. Service **relationship** between staff and users.
18. '**User or customer care**' provisions and awareness training for staff.
19. Monitoring of equal opportunities requirements and **adequate default/performance** related financial damages for failures. What action will be taken if the contractor fails to meet the required equal opportunity standards.

20. Representative user groups involved in the **review** of services.

21. **Security** of information on equal opportunities.

The Commission for Racial Equality (CRE) has produced a Standard for Racial Equality for local government in England and Wales and includes checklists for policy and planning and for service delivery and customer care. The CRE has identified five levels which include the development of policies, action plans, identifying needs, training and procedures. The checklists include the following:

- Define equality targets or outcomes that are specific, measurable, realistic and timetabled.
- Contract compliance is guided by pre-contract evaluation, supported by standard contract conditions which require compliance with the CRE Race Relations Code of Practice in Employment, and systematic checks on the racial equality component of service delivery.
- Take appropriate action against contractors who breach their contract by failing to comply with racial equality commitments.

See also the draft Code of Practice on Equal Pay (Equal Opportunities Commission, 1995) and CCT & Equalities, Public Service Practice No 2, (Centre for Public Services, new edition 1995).

Example

Methods of Specifying Equalities Issues (London Borough of Haringey)

1. A Schedule of User Profiles and Targets by gender, ethnic origin, employment, disability, age etc may be included in the specification. The Instructions for Tendering will ask the tenderer to state how they intend to meet the Equal Opportunities targets as described in these Schedules with regard to access to Sports and Leisure Services by the Council's target groups so as to achieve the user profiles, and what monitoring procedures they intend to use in achieving this aim.
2. The specification can provide examples of ethnic menus and vegetarian options together with the results of an Ethnic Monitoring Survey to enable the contractor to compile menus to represent the diversity of food traditions in Haringey.
3. The Instructions for Tendering can ask the contractor for suggestions as to how they would meet the specified equal opportunities take up targets or how they would meet the diversity of food traditions in Haringey.

Council policy

Local authorities will have corporate policies in addition to those relating to the particular service or department. As with equal opportunities, it should not simply be a matter of referring to corporate policies in the introduction and then assuming that contractors will automatically price for them in their tender and apply them if they win the contract. It is the client's responsibility to set out how corporate policies apply and are implemented within the scope of the contract and the specification is the means of doing this.

Examples include:

Council's corporate policies

- Commitment to in-house services
- Conditions of employment for staff
- Equal opportunities for staff and service users
- High quality and responsive services
- Value for money
- Effective internal management and organisation.

Social & Economic objectives

- Facilitate economic development and regeneration strategies
- Anti-poverty strategy
- Create new, and safeguard existing jobs;
- Encourage new investment and economic activity;
- Promotion of the city in partnership with other agencies.
- Meet social needs and objectives and in particular communities (City Challenge)
- Effective planning of the city
- Maximising environmental gain.

For example, property management objectives might include the following:

- Maximise return from investment portfolio
- Provide professional property advice to the Council and client departments
- Maximise income from the disposal of property
- Maximise use and occupation of the Council's land and property
- Identify opportunities for property rationalisation
- Minimise property management costs and liabilities

Environmental policy

The application of environmental policies will vary widely according to each service. Environmental policies may be part of corporate policies and/or they may be specific departmental or service policies. They need to be integrated into the specification.

In some services such as refuse collection and waste disposal they could be the subject of method statements.

- Contractor's environmental policy
- Promotion and education of environmental issues

- Recycling policy
- Energy/water conservation
- Nature conservation
- Use of environmentally compatible materials and fuel
- Training of staff on environmental issues
- Environmental audit as part of contractor's quality system
- Asbestos removal

Evaluation criteria

The Public Services Contracts Regulations S21(2 and 3) states that, where the 'most economically advantageous' basis is used to award the contract, the criteria must be included in the contract notice or contract documents, where possible in descending order of priority. There are advantages to stating the criteria in both the tender advert and the contract documents.

The list of criteria should be drawn up and agreed whilst the specification is being finally checked and approved.

Authorities can use any criteria to assess tenders provided they are:

- notified in advance, when the contract is advertised or in the tendering documents
- appropriate and relevant to the service
- a legitimate client interest
- not 'non-commercial'
- not 'anti-competitive'

Criteria:

The following are stated in the regulations:

- **quality**

- **aesthetic and functional characteristics**
- **technical merit**
- **technical assistance**
- **period for completion or delivery**
- **price**
- **after sales service**

However, the regulations clearly state that authorities can include additional criteria. The following have appeared in tender advertisements for a range of services:

- **contractor's experience and qualifications**
- **relevant contract management**
- **financial resources**
- **implementation of equal opportunities in service delivery**
- **plans for customer care**
- **tenants or users views**
- **ability to consult with tenants**
- **environmental policy**
- **public service or business planning**
- **liaison/integration with other services**
- **implementation of council's corporate policies**
- **proposals for developing the service**

Specification & tendering instructions

Tenderers should be required to supply all or most of the following information depending on the nature of the contract. This is essential to facilitate a full and rigorous evaluation of tenders. It should be required in a series of separate schedules:

- Prices, expenditure and income broken down by type of activity, facility, area, cost centre on a weekly, monthly or annual basis
- Equipment, materials and other non-labour costs
- Quality plan
- Proposed staffing, supervision and management structure for the contract

- An organisational chart
- Qualifications and experience of staff with wage differentials
- Proposed methods of working, and where requested, method statements
- Rates and costs for additional and non-contractual work
- How and where the service will be carried out
- Customer care training and staff development programme
- Equal opportunity policy
- Assets, equipment and materials profile
- Details of information systems which the contractor plans to use

- Health and safety proposals for the contract
- Compliance with the authority's occupational health policy
- Input hours, costs and, where relevant, rosters, by individual work areas for non-supervisory, management and supervisory staff
- Provision of staff workwear and personnel identification
- Proposals for maintaining security and confidentiality
- Environmental policy for the contract
- Insurance policies to protect staff, users and the public
- Details of experience of similar work including existing clients and type of work carried out
- Indication of any plans to sub-contract work
- Contingency plans in the event of an industrial dispute
- Proposals for handling disputes, grievances and discipline

Monitoring performance

How the contract will be monitored, default and performance assessment, financial deductions and the conditions under which the contract can be terminated must be defined clearly in the specification and contract conditions.

The following list highlights the areas to be included:

Specification

- Statement on the authority's policy with regard to performance monitoring in the introduction to the specification
- Performance standards

Contract conditions

- Defaults
- Performance assessment
- Warnings
- Suspension and replacement
- Termination of contract
- User/tenant involvement in broad terms

How the contract will be monitored is often left to the last. However, this is bad practice because private contractors examine the proposed monitoring system and the authority's policies and make commercial decisions in pricing the contract.

Monitoring is best approached by the adoption of the following ten point plan.

Monitoring and Quality Control Plan

1. The organisation and management of monitoring

Local authorities have set up various organisational arrangements to deal with monitoring including central or departmental monitoring units or client department monitoring. The organisation of monitoring must also take into account the involvement of tenants organisations and other user organisations, the role of site visits and regular client-contractor meetings.

2. Monitoring techniques

The system should ensure that the following are regularly monitored:

- completion of specified tasks at the required times and frequencies
- standard/quality of work achieved on the work completed
- health and safety practices
- working methods, for example, hygiene in kitchens
- staffing and equal opportunities in service delivery
- standard of materials and supplies
- social relations between staff and users
- other conditions of the contract
- financial monitoring
- frequency and timing of monitoring
- issue of warning notice
- suspension or termination of part or all of the contract.

Frequency will vary from service to service and will include:

- daily, weekly or monthly inspections depending on the service
- random sample inspection on a weekly or monthly basis (this can only be effective if

the contractor, who will often accompany monitoring officers, has no prior knowledge of the sites to be visited)

- inspections in response to complaints from users
- specialist monitoring by health and safety officers or Environmental Health Officers.
- periodic reviews of overall performance.

3. Staffing requirements and costings

It is essential that monitoring systems and resources are matched. Detailed rigorous monitoring systems on paper are virtually useless in practice if they are inadequately resourced.

- Use of staffing/contract value ratios
- Career structure for monitoring officers.

4. Training monitoring staff

It is essential that monitoring staff are trained in inspection techniques and procedures.

Training should cover the following:

- basic understanding of the contract
- the management and organisation of monitoring including the objectives, procedures, and reporting to be followed.
- technical inspections
- visual inspections
- health and safety inspection
- negotiating and communications skills and relationships with the contractor's staff.

5. Recording, analysing, and reporting system

Systematic recording of monitoring information is essential in order to monitor standards and assess contract performance over the length of the contract. Monitoring sheets and reports should be collated at one point for each service. The design of monitoring sheets and questionnaires varies according to service and the monitoring system. The design of any reporting system should include trial runs before the contract starts followed by an evaluation after a few months to make any necessary amendments to monitoring sheets.

Clear reports, graphs and charts with the level of defaults are essential in assisting councillors, officers, users and trade unions in assessing performance.

6. Complaints procedure

Each service should have a system for receiving, logging, and forwarding complaints from:

- users of the service
- user organisations which could range from tenants associations to local firms

- governing bodies
- ethnic and community groups
- other council departments
- council staff working alongside contractors
- trade unions.

7. Contract start-up

Between 4-6 weeks is usually allowed for the 'settling-in period' to permit the contractor to sort out initial teething problems and become fully acquainted with the service. It is vital that the local authority monitors the contract from day 1, in effect setting standards and procedures. The contractor should be informed of defaults and liquidated damages which would be incurred under normal circumstances once the start-up period has ended.

8. Evaluating a contractor's quality control system

This must be carried out during the evaluation of tenders. It is vital in determining the contractor's ability to deliver the required service and the need for and cost of differential monitoring. The assessment should include:

- the proposed management of the contract
- the supervision of the contract
- contractor's quality control proposals and how they will be implemented
- details of support staff ie clerical and administrative staff
- training arrangements
- comparison of total management and supervisory costs including local/head office breakdown.

9. An appeals procedure

Procedures should be established to enable disputes between monitoring staff and the contractor to be resolved through an appeal to a senior officer.

10. Evaluation of monitoring

The monitoring system for each contract should be subjected to a thorough review and evaluation after 6 and 12 months and subsequently on an annual basis.

These reviews will be important in order to:

- identify the need for new monitoring techniques
- maximise the use of resources consistent with corporate tendering and monitoring policies
- ensure lessons learnt are fed back into the preparation of tenders for other services

- provide feedback to assist the development of service plans
- provide adequate and accurate information for references requested by other local authorities seeking references on particular contractors.

There are broadly two types of monitoring system

1. Defaults Monitoring System

A failure to comply is identified and confirmed by the monitoring officer and a Rectification Notice is issued giving the contractor a fixed time period in which to rectify the work. This is often 12, 24 or 48 hours. A Default Notice is issued if it is not remedied within this timescale. The financial deduction is based on either a specified amount for the particular default or a percentage deduction from the monthly payment based on the number of notices issued each month.

2. Percentage Performance System

This is based on a graduated points deduction system depending on the seriousness of the default. For example, 5 points deducted for a minor fault and ranging up to 50 or 100 points for unsatisfactory work in connection with more major defaults or those connected with priority parts of the service. The points deducted are expressed as a percentage of the total number of points available. The financial deduction is based on levels of performance, for example £x for 94%, £y for 93%, £z for 91% and so on.

Default in Performance of the contract

Authorities should have the power to suspend and/or replace any part of the service if the contractor's performance falls below certain set levels. These are stated in the Contract Conditions. This is often determined by a percentage level of performance, for example, if monthly payments are reduced by more than 5% below an acceptable level of service on more than six occasions in any 48 week period. Alternatively, more than 7.5% on more than two occasions in any 24 week period or more than 10% on any occasion.

Similar conditions should be included which cover possible termination of the contract. This could, for example, be triggered if payment is reduced more than 10% on more

than six occasions in any 48 week period or more than 15% on more than two occasions in any 24 week period. It could also be considered if the contractor breaches any of the contract conditions, fails to perform a substantial part of the service for 14 consecutive days or the firm is bankrupt or is forced into receivership.

Liquidated damages - financial deductions

Financial deductions must be genuine pre-estimates of loss to the council. The cost of administering default notices can be included, usually adding 10% - 15% to the financial deduction.

Genuine pre-estimates can be based on the following:

- Loss of rent on empty properties (weekly)
- Loss of user fees for use of facilities
- Cost of bed & breakfast for homeless families (daily)
- Sum for each omission
- Sum for each delay
- Sum per failure for each day or week
- Cost of replacement contractor
- % performance and corresponding deduction from 4 weekly or monthly payment to the contractor.

Contract conditions

The tender documents must set out the legal requirements and conditions under which the contractor must operate the contract. A comprehensive specification is not really very effective without contract conditions which set out the operational framework for working methods, procedures and contract monitoring.

The following checklist identifies a wide range of possible contract conditions, not all of which will apply to every contract. Use the checklist to identify those which are relevant to the service and which must be included in the contract conditions.

Operational conditions

- Definitions and Interpretation
- Warranties
- Performance bond/parent company guarantee
- Contract Period
- Form of contract
- Services Commencement and Performance
- The contractor's or consultant's obligations
- Statutory requirements
- Contract manager
- The contractor's or consultant's personnel
- Control and supervision of contractor's or consultant's personnel
- Health and safety
- Equal Opportunities
- Operational, public service or business plan
- Conflict of interest
- Modification and variation of the service
- Changes in technology
- Assignment and sub-contracting
- Commissioning work

Use of premises and equipment

- Lease of offices and depots
- Use of equipment
- Restrictions on use of premises
- Charges for use of telephones, parking and other related matters
- Insurance cover
- Access to land and premises
- Materials
- Ownership of waste or recyclable materials

Quality of service

- Required standard of service
- Achievement and maintenance of standards
- Continuity of performance
- Quality assurance
- Codes of practice
- Cooperation with other services and contractors

Information and IT

- Data Protection and Information Confidentiality
- Use of Information Technology System
- Copyright
- Confidentiality
- Security
- Local authority's right to use documents
- Records and information

Contract monitoring

- Monitoring of contract performance
- Notices
- Default points and sums
- Contract management
- Meetings
- Policies and codes of practice
- Monitoring of other contractors and consultants
- Authorised Officers
- Termination of part/all of contract
- Settlement of disputes, use of experts and arbitration

Financial issues

- Payment
- Value Added Tax
- Review of prices
- Recovery of sums due and interest
- Gratuities
- Audit

Miscellaneous

- Liability of the local authority/contractor
- End of contract period
- Retender and transition period
- Transfer of Undertakings (TUPE) supply of information
- Legal proceedings
- Special conditions
- Emergencies
- Waiver

The contract conditions will also include a series of schedules which will include:

- Statement of council's health and safety policy
- Default procedures and penalties for failure to meet performance standards
- Tenancy Agreement for use of premises
- Agreement for use and access to authority's computer system

Other things to check

- Limitations on the use of premises
- Responsibility for cost of use of premises.

Example

Equal Opportunities Contract Conditions

(London Borough of Haringey)

Code of Practice

"The contractor or any sub-contractor employed by the Contractor shall so far as practicable and to the satisfaction of the Authorised Officer follow the practical guidance, recommendations and advice contained in the Code of Practice for the elimination of racial discrimination and the promotion of equality of opportunity in employment issued by the Commission for Racial Equality pursuant to Section 47 (1) and (7) of the Race Relations Act 1976; and shall in particular (but without prejudice to the foregoing) operate an equal opportunities policy which is not in the Authorised Officer's opinion less favourable than an equal opportunities policy so far as practicable complying fully with the practical guidance, recommendations and advice contained in Paragraph 1.1 to 1.3 of the said Code of Practice and with the guidance papers referred to in paragraph 1.1 of the said Code of Practice."

Quantifying the work

It is obviously very important that the volume, frequency and other descriptions which describe the volume of work are clearly set out. The client will need to be satisfied that the work has been accurately described otherwise this could result in an unplanned flow of variation orders once the contract starts. The extent to which the volume, the number of cases or general quantity of work can be stated will vary considerably from service to service. For example, parts of the housing management service can be quantified relatively easily (rent collection) in contrast to legal services where the number of different types of legal cases arising can only be predicted based on previous experience and an assessment of the other material factors.

- The actual planned or expected volume of work.
- Indicative volume of work based on the number of cases or quantity in the previous year.
- Expected changes in volume during the course of the contract due to new demands, redevelopment, changes in the method of service delivery as a result of introducing new technology or changes in statutory requirements.

There are various options for setting out the volume of work:

1. In each section of the specification under a

heading such as Volume of Work or Indicative Volume.

2. In separate Schedules in the body of the specification.

3. In a separate manual.

Checklist for quantifying the work

- Are the volumes of work fully reflective of current workloads?
- Does the volume reflect any planned changes in the volume of work?
- Have expected changes in demand from other departments been fully taken into account?
- Have reductions in the level of service caused by budget reductions been taken into account?
- Have current negotiations on Service Level Agreements been taken into account?
- Will new developments such as planned or underway in the private sector have a material affect on the level of service?
- Will new legislation result in changes to the level and volume of work?
- Are the parts of the volume of work which are vague, part of a deliberate strategy or are they an oversight?
- In those areas which are vague, does the client have a clear understanding of the current volume or level of work, which will be needed in the evaluation of tenders?

Pricing mechanisms

The pricing strategy must be suited to the type of service. There are distinct differences between services. Some services are priced on a lump sum basis because the quantity of work is relatively stable throughout the contract period. For example, the number of households requiring refuse collection and the number and type of public buildings requiring cleaning can be easily quantified. It is in the client's interest to obtain a fixed price for this work over the contract period with variation orders taking account of any changes in the scope or volume of work.

In contrast, most professional services are a mixture of core and continuing work which can only be estimated and priced with a scale of fees for particular projects. These rely on the capital programme or other factors which cannot easily be predicted when the specification is drawn up. For example, the number and type of property transactions or the design and planning of capital projects.

One common element is the importance of requiring contractors to submit full pricing information so that the tender can be fully assessed.

1. Lump sum (annual basis)

- price for the overall service
- price for different parts of the service
- price per location
- price per element of the service
- price for different quantities or levels of service (increase/decrease)
- price for provisional items
- price of day or hourly rates
- price for emergency items
- price for additional work per case, per unit, per void, per contract.

2. Lump sum (price per job)

- suitable for standard and repetitive work

3. Percentage fee (minimum fee)

- suitable for income generation work
- possible to build in incentives

4. Hourly rate

- allocation of time by client
- qualifications of staff
- contractor to maintain records and submit regularly
- danger of exploitation

5. No fee payable

- fee is recovered from a third party

Sample schedule of prices

Task	Quantity	Units	No of Units	Annual Price per unit	Total annual price
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Sample schedule for additional work

Task	Estimated annual quantity	Units	Estimated number of units	Unit price
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Sample schedule or rates for project work

Personnel/grade	No of staff	Gross hourly rate	Estimated hours	Total cost
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Director/Partner
Associate
Senior
Junior
Other (specify)
Total

Sample schedule for pricing of project briefs

Lump sum

Consultancy days

Cost per consultancy day

Additional cost of work outside of brief:

Director/Partner	£.....per hour
Associate	£.....per hour
Senior	£.....per hour
Junior	£.....per hour
Other (specify)	£.....per hour

Preparing the in-house bid

This is when the specification is translated into the in-house tender. The specification is only a means to an end. It will be important to those involved in the preparation of the in-house tender to:

- Maintain cooperation and good communications with client officers.
- Not to over-react to the response to the tender advert - many firms systematically write to all contract notices to seek further information.
- Continue to develop proposals to make the service more effective and efficient (which should have started following completion of the service profile) and to examine service costs.
- Continue joint working and consultation with trade unions.
- Prepare draft method statements and quality plan so that they can be checked and improved. These form a very important part of the in-house bid and it is important that they are well prepared.
- Develop proposals for service improvements in years two and three of the contract. Remember, contractors are likely to build their price on making changes later in the contract, irrespective of TUPE.
- Contractor may want to develop its own quality control or monitoring systems as a means of improving service delivery, assessing planned changes and improving information. These can be built into the in-house tender.
- Negotiate Service Level Agreements for support services with other departments.

Tender Documents

The tendering documents will need to comprise the following:

- Specification
- Policy statements
- Statement of quantities
- Contract Conditions
- Tendering instructions
- Pricing document

Checklist

The following must be included in the documents:

- Evaluation Criteria
- Outline of Tender Evaluation Process
- Requirement for Quality Plan (Contract Conditions)
- Requirement for Method Statements (Contract Conditions)
- Subjects for Method Statements
- TUPE reference
- Statement of Quantities
- Disaggregation of Prices
- Other Manuals
- Local Authority Equal Opportunity and Health and Safety policies.

Preparing for tender evaluation

A Detailed Handbook on Tender Evaluation (Public Service Practice No 1) is available from the Centre for Public Services.

A Strategic Approach to evaluation

- Avoid over-complex evaluation models
- Keep it sensible and systematic
- Do not rely on any one criteria alone
- Evaluation must cover assessment of quality, equalities, technical, corporate and financial issues
- Do not believe that you can win on quality irrespective of bid prices
- Justify decisions and be able to audit decision-making and supporting evidence
- Councillors and tenants must be genuinely involved
- Do not reinvent tender evaluation - learn lessons from manual services

Legal requirements:

- Treat all tenders equally
- Do not use non-commercial criteria
- Do not act 'anti-competitively'

Authorities can use any criteria to assess tenders provided they are:

- Notified in advance to tenderers
- Appropriate and relevant to the service
- Are a legitimate client interest

Tender Evaluation Organising Checklist

Planning for the evaluation of tenders needs to start at the same time as specifications are being finalised. The following checklist should be used to ensure that planning is thorough and that all the issues are covered:

- Timetable agreed
- Treatment of TUPE and non-TUPE tenders
- Skills required for evaluation
- Membership of evaluation team
- Team preparation
- Training and/or dry-run practice
- Evaluation stages and process
- Scoring and weighting of criteria
- Assessment of Quality Plan
- Assessment of method statements
- Role of users/tenants agreed
- Ensuring contractors provide detailed information
- Guidelines for receipt of bids
- Procedure for rectifying arithmetic errors
- Recording evaluation, assessment & calculations
- Further investigation of contractors
- Interviewing contractors
- Presentation needed from bidders
- Post-tender negotiations
- Preparing evaluation report and Committee report
- Keeping records of evaluation process, assessments and conclusions
- Use of Consultants
- Information to trade unions.

Conclusion

Remember, important as the specification is, it is only one part of the tendering strategy. **It is vital that the content of the specification fully reflects the authority's service requirements and those of the tendering strategy.**

The specification can never be the 'final' document but the effort put into making it comprehensive and relevant to the particular tendering strategy adopted will have dividends later in the tendering process.

Ownership of the specification should not rest solely with senior client officers. Although the client is ultimately responsible for the specification and other tendering documents, the extent to which other clients, staff and trade unions together with internal and external users also share a degree of ownership or have the opportunity to comment on the draft, will be mirrored in its effectiveness in service delivery.

Remember, the specification is not simply the basis for obtaining bids, it also defines the service for the entire contract period.

We would welcome comments and suggestions on the content and application of this handbook in the tendering process. These will be included in any further editions.

Have you:

- identified all the required performance standards?
- selected sufficient method statements to cover all the important elements of the service?
- required contractors to supply detailed pricing information?
- established that the schedules of the current or planned level of service, quantities, volumes and/or frequencies accurately reflect the required service?
- set achievable performance targets within a realistic timetable?
- adequately described and defined incentive schemes (if included)?

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