

Basic Service Delivery & Procurement Options for 2010

Approach	Traditional	Partnership
Scope	Broken into components i.e. Surfaces Street Lighting Routine / Reactive Technical i.e. traffic signals, CCTV	All inclusive with one partner
Client	Large	Small

Contract Arrangements

Specification	Input - where an exact job specification is agreed with the contractor prior to work commencing.	Output - Having agreed the outcome, the partner decides how to achieve this and then carries out the work. For this to be successful the partnership would need to be based on trust, openness and honesty. To achieve this level of compatibility, the two partners have to be confident that they both have the same work ethos and standards, therefore much time will be spent at the contract stage to ensure both parties fully understand the requirements of the other. They are equal partners and must both deliver on their side of the bargain
Risk to Council	Retained - risk remains with CYC	Transferred - a majority of the risk is transferred to the partner. The partner will not accept unknown risk i.e. inflation, insurance, changes to legislation.
Cost	Medium, there could be some increase due to variations	High - Initial high cost because partner takes on majority of risk including the biggest risk of all - construction risk. Partner has limited ability to come back for extra money
Term	Medium (5-7 yrs)	Long (7-10yrs) - Partner covers his costs over a longer term.
Incentive	No - The contractor has agreed a price before the work commences therefore there is no incentive to be more efficient	Yes - With a longer term there is more incentive/benefits to be more efficient

Procurement Arrangements

Evaluation	80% price / 20% "quality" - Tenders received are considered mainly on the cost as the specification set by CYC would have been written in terms of the required levels of quality	40% price / 60% "quality" - As the partner will be wholly responsible for the standard of work carried out it is important to consider the "quality" of the partner (e.g. whether the work ethos is compatible) when agreeing a contract. This becomes a much more important factor and outweighs the issue of cost.
Method	EU restricted standard tender	EU restricted or competitive dialogue (if the rules for competitive dialogue are met)
Cost	Medium - specifications are drawn up for each aspect of work	High - More time and resources are spent at the procurement stage to ensure the partnership is solid and will achieve the required outcomes.