Appendix B

PARKER HOUSE **Procurement Strategy** May 2016

Options

1. Single Stage Design and Build Procurement Principal features:-

- Design Team employed by the Client to develop the brief
- Project design progressed to suitable stage (Stage E) prior to tender Employer's Requirements issued to main contractors who submit their . contractor's proposals, lump sum tender and agreed programme
- Main contractor has an obligation to deliver the project as defined within the ٠ contractor's proposals to the cost and programme agreed within his tender return
- Contractor accepts responsibility for the design and design development ٠

2. Two Stage Design and Build Procurement Principal features:-

- Design Team employed by the Client to develop the brief
- Project design progressed to suitable stage (eg. stage D-E / 3-4) prior to tender •
- Contractor tenders on the basis of scheme design offering price on preliminaries, overheads, profit, risk and pre-construction fee, potentially including early works package if design is at a suitable point
- Main contractor has an obligation to deliver the project as defined within the • contractor's proposals to the cost and programme agreed within his tender return
- Contractor accepts responsibility for the design and design development •
- Collaborative working to secure sub-contract packages (second stage)

Key Advantages	Key Disadvantages
Single point responsibility	Client needs to commit before the detail design is complete thus losing control of design to degree
Inherent buildability built into the design development	Relatively fewer competent construction firms
Early firm price possible but is a risk addition	Difficult for Clients to prepare adequate and complete Employer's Requirements
Programme - reduced overall project time verses traditional procurement due to overlap of design and pricing	Client driven changes can be difficult and costly to introduce post contract
Main contractor potentially takes responsibility for the performance of the design team	Lack of design control leading to design quality suffering. Countered by Compliance Monitoring Team.
Fully competitive process	

Key Potential Advantages	Key Potential Disadvantages
Single point responsibility	Client needs to commit before the detail design is complete thus losing control of design to degree
Inherent buildability built into the design development	Relatively fewer competent construction firms
Early firm price possible but is a risk addition	Difficult for Clients to prepare adequate and complete Employer's Requirements
Programme - reduced overall project time verses traditional procurement due to overlap of design and pricing	Client driven changes can be difficult and costly to introduce post contract
Early Contractor involvement	Potential cost escalation through the second stage
Main contractor potentially takes responsibility for the performance of the design team	Lack of design control leading to design quality suffering. Countered by Compliance Monitoring Team.
	g

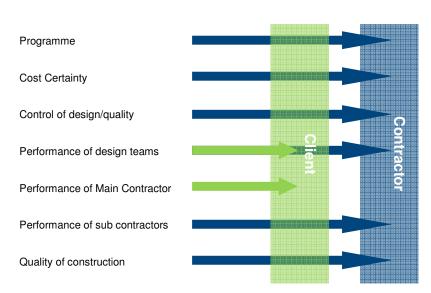
3. Two Stage Traditional Lump Sum Procurement

Principal features:-

- overheads, profit, risk and pre-construction fee

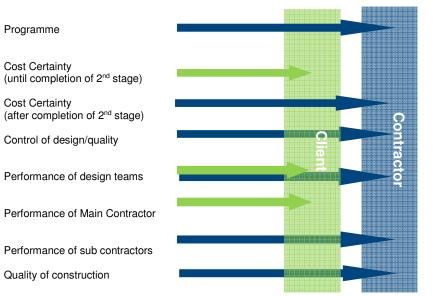
Key Potential Advantages	Key Disadvantages
Procedures well known	Potential cost escalation through second stage
Design team are under the Client's control throughout – the Client maintains control over development of design and hence quality	The main contractor is required to effectively "partner" during the second stage tender process and there is the possibility that the contractor may attempt to manipulate the process
The main contractor takes responsibility for sub-contractor' performance / works	Delays in issuing design information as the agreed release schedule can frustrate the programme and lead to claims of delay by the main contractor
Facility to pre-order materials / equipment to assist the programme	Programme – Overall longer process than D+B due to less overlap of design
Early contractor involvement introducing his expertise in buildability	

RISK ALLOCATION



RISK ALLOCATION

Programme



RISK ALLOCATION

Programme
Cost Certainty (until completion of 2 nd Stage)
Cost Certainty (after completion of 2 nd Stage)
Control of design/quality
Performance of design teams
Performance of Main Contractor
Performance of sub contractors
Quality of construction



Contractor tenders on the basis of scheme design offering price on preliminaries,

Pre-construction period shortened by overlapping the design and procurement process Collaborative working to secure sub-contract packages (second stage)

Client retains control of design and responsibility for its sufficiency

