

Steps to success

A recent asylum service procurement has been praised by the OGC as a model deal. David Wilkinson, who was involved in the project, explains what made it work

The National Asylum Support Service (NASS) has completed its project for letting 32 five- year contracts to providers of accommodation services for asylum seekers. About half were let as part of the negotiated procedure under the procurement rules in force before the changes in law on 1 February 2006. The contracts have a value of more than £670 million over their expected life.

Following the OGC Gateway three review process, the project was recommended as a model example of how to conduct procurement.

The team was led by senior NASS officials, consisting of a mix of in-house staff and specialist consultant support. Legal support was provided by Field Fisher Waterhouse.

Previously providers of accommodation services were paid for the provision of a fixed level of accommodation regardless of whether or not it was used. This resulted in NASS paying large sums for unused bed spaces. Under the new contracts, providers are paid on the basis of usage. So why was the project such a success?

Good allocation of risk: Service providers manage the demand risk. When demand is low, they are able to look to other organisations, such as local authorities, to take up the slack.

Being realistic: Negotiations were eased because legal documents were robust but not unreasonable from the bidders' perspective.

Understanding bidders' concerns: A detailed service specification was prepared and shared with interested parties early in the process. Provided the "equal treatment" principle is applied (for example, by inviting participation through the OJEU), market soundings are a legitimate part of public procurement.

Output based requirements: The specification focused on the outputs NASS wants. This allowed bidders to keep their costs to a minimum.

Good organisation: Twenty-eight bidders made it through the indicative bid stage. There was then a period of clarification and negotiation over six weeks, during which each bidder was allowed four clarification meetings. That is almost 120 meetings in 30 working days! Managing this and ensuring NASS adhered to the "equal treatment" principle was no small task.

Engagement with stakeholders: The NASS consulted with public sector bodies during the planning stages to ensure their views were taken into account.

Using the competition: Bidders were made aware they had to put their best foot forward. Even though the tender process was conducted under the negotiated procedure, the opportunity to negotiate around the commercial terms was limited. This was an achievement because while public sector bodies often want to use the negotiated procedure, it gives bidders the same freedom.

If a public sector body wants to say to bidders, "we're not negotiating, so make sure your offer is one you really mean", the restricted procedure might be worth using.

Public procurement is worth billions a year. Those who flourish in it will be those who invest in understanding it.

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