

# The Procurement Model

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# Fundamentals of the Procurement Process

- Procurement Models & Partners
- Funding Constraints : Design – Based Costing
- How to ‘Stake a Claim’ to the Project
- Potential Disruption and Temporary Provision
- Final Thoughts – The Complete Process

# Procurement Models and Partners

- **PFI Model** : Major Contractor Control - currently minimal activity
- Long-term funding : ‘A fundamental re-assessment’ – Osborne
- Support Structure via Main Contractor – importance of NHS ‘consultation’
  
- **Procure 21+ Model** - suited to large or ‘small’ projects < £ 1million
- Avoids OJEU – operates via Framework Contractors (PSCPs)
- Structured KPI models; Guaranteed Max Price Scheme & Gainshare
  
- **‘In-House Tender’** - Direct Control but firm Rules for OJEU/ Supply2Health bids
- Support Structure via external Architects & Consultants
- Pharmacist has enhanced involvement incl. cost/contract responsibilities

# Funding Constraints & Design – Based Costing

- Government Policy – Economic Recovery
- Initial Budget - Business Case vs Realistic Costing
- ‘Lowest Cost’ vs ‘True Cost’ – Specification Critical
- Specialist Contractors : ‘Bidding Tactics’



# How to 'Stake a Claim' to the Project

- Pharmacist's influence within the Procurement Model : PFI/Procure 21/ Direct
- The URS at Bid Stage : Content and Design Detail
- Timing of Specialist Advice : Utilising Regional QC and Selected Cleanroom Contractor's Experience
- The Drawing 'sign-off' : 1:50 certainty or 50/1 chance
- Cost Implications of 'Change'

# 'Risk Allocation' by Procurement Type c.f. 'Design Control'

Table B		
	<u>INDICATIVE RISK ALLOCATION</u>	
<u>Contract Strategy</u>	<u>Client</u>	<u>Contractor</u>
<u>Private Finance (NPD model)</u>		████████████████████
<u>Design and Construct</u>		████████████████████
<u>Prime Contracting</u>		████████████████████
<u>Traditional</u>		████████████████████
<u>Framework Agreements</u>		████████████████████
<u>Management Contracting</u>	████████████████████	
<u>Construction Management</u>	████████████████████	

# Costing and Procurement : Common 'Omissions'

- Stainless Steel Grading Requirements – 304 or 316
- Constant Particle Monitoring to Grade A GMP
- Solvent Extract Systems
- DOP smoke distribution System
- Pressure Maintenance Systems
- Incorporating Equipment : Appropriate Co-ordination
- Temporary Accommodation or External Supply Chain Support
- **Omissions lead to 'Design Change' and cost over-run**



# Costing Potential Disruption and Temporary Provision of Pharmacy

- Costing model for Temporary Unit
- Main Contractor or In-house ?
- Buy/Hire – Timescales ?
- Transfer of Isolators & Validation
- Option of 3<sup>rd</sup> party sourcing





# Final Thoughts : The Complete Process

- Ensure that an 'inclusive' procurement process is selected
- Ensure that detailed design criteria are costed from the outset
- Ensure that the URS is fully developed, forms the core specification and DQ (Design Qualification) is formalised
- Ensure that the pharmacist remains close to the build process and any 'change management'
- Ensure that quality of finishes is maintained via IQ (Installation Qualification)
- Ensure that OQ (Operational Qualification) is comprehensive and involves Regional QC