

Appendix A Procurement strategy checklist

Overview

This appendix contains checklists to assist approved organisations to develop a procurement strategy. Checklist list 1 is a generic checklist that can be used for most procurement strategy development. Checklist 2 is specific to the procurement of bus public transport units.

The checklist is a series of headings against which the approved organisation can assess its existing procurement strategy or develop one in accordance with the guidelines in this manual.

Checklist 1

1. Executive summary
 - 1.1 Summary statements of key issues and opportunities to obtain value for money.
 - 1.2 Recommendations (where relevant) that the Transport Agency:
 - endorses the procurement strategy
 - approves the use of advanced components
 - approves a customised procurement procedure
 - approves a variation or an exemption to a procurement rule
 - approves the use of in-house professional services.
 - 1.3 Evidence of corporate ownership or internal endorsement of the procurement strategy.
2. Policy context of the approved organisation
 - 2.1 Strategic objectives and outcomes.
 - 2.2 Objectives and outcomes for the procurement strategy.
 - 2.3 The Transport Agency's procurement requirements and what they mean for the approved organisation:
 - value for money
 - competitive and efficient markets
 - fair competition among suppliers.
 - 2.4 Other relevant factors, such as organisational policies, wider organisational procurement plans or the regulatory environment.
3. Procurement programme
 - 3.1 Procurement programme, segmented by:
 - size, type or duration
 - complexity, scale, timing, innovation potential, risk and an assessment of the supplier market
 - need for specialised skills.
 - 3.2 Identification (where relevant) of any pending high-risk or unusual procurement activities.

Appendix A Procurement strategy checklist *continued*

Checklist continued

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4. Procurement environment
 - 4.1 Analysis of supplier market.
 - 4.2 Analysis of the approved organisation's current procurement spend and profile.
 - 4.3 Analysis of the impact of the procurement programmes of other approved organisations and other entities.
 5. Approach to delivering the work programme
 - 5.1 Confirmation of specific strategic objectives.
 - 5.2 The procurement approach. For each segment of the work programme, the procurement strategy should identify the optimal procurement options as they relate to the strategic objectives. Consider:
 - key attributes and value for money strategy
 - the nature of the activities for each segment of work (eg complexity, scale, timing, innovation potential, risk and an assessment of the supplier market)
 - aggregation, bundling and the term of term service contracts
 - proposed delivery model(s) and supplier selection method(s)
 - impact of the preferred approach on value for money, fair competition, and competitive and efficient markets
 - risk identification and management
 - approach to contract management.
 - 5.3 Analysis of whether advanced components, customised procurement procedures or variations to procurement rules are required and why.
 6. Implementation
 - 6.1 Capability and capacity:
 - description of the current and desired state, including current structure, and roles and responsibilities within the wider organisational structure
 - identification of any capability or capacity gaps
 - plan to fill the gaps.
 - 6.2 Internal procurement processes.
 - 6.3 Performance measurement and monitoring:
 - Transport Agency KPIs
 - additional KPIs
 - internal reporting, review and feedback process.
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Appendix A Procurement strategy checklist *continued*

Checklist 1 continued

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- 6.4 Communication plan:
 - internal stakeholders
 - other approved organisations and entities
 - supplier market
 - the Transport Agency.
 - 6.5 Implementation plan.
 - 6.6 Corporate ownership and internal endorsement.
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Checklist 2 (Bus public transport units procurement)

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- 1. Executive summary
 - 1.1 Summary statements of key issues and opportunities to obtain value for money.
 - 1.2 Recommendations (where relevant) that the Transport Agency:
 - endorses the procurement strategy
 - approves the use of advanced components
 - approves a customised procurement procedure
 - approves a variation or an exemption to a procurement rule
 - approves the use of in-house professional services.
 - 1.3 Evidence of corporate ownership or internal endorsement of the procurement strategy.
 - 2. Policy context of the approved organisation.
 - 2.1 Summary of strategic objectives and outcomes from the RPTP.
 - 2.2 Objectives and outcomes for the procurement strategy.
 - 2.3 Any transitional considerations resulting from changes in government policy.
 - 2.4 The Transport Agency's procurement requirements and what they mean for the approved organisation:
 - value for money
 - competitive and efficient markets
 - fair competition among suppliers.
 - 2.5 Other relevant factors, such as organisational policies, wider organisational procurement plans or the regulatory environment.
 - 3. Procurement programme
 - 3.1 Unit procurement considering:
 - whether the network identified in the RPTP is still fit for purpose
 - whether the allocation in the RPTP of all services, including school services into units, impacts on the procurement programme
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Appendix A Procurement strategy checklist *continued*

Checklist 2 (Bus public transport units procurement) continued

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- whether there were any commercially registered public transport services under the PTMA that need to be transitioned into units or exempt services
 - the number of units, the size of units and the need to align or phase the procurement of units
 - complexity, scale, timing, innovation potential, risk and an assessment of the supplier market
 - need for specialised skills.
- 3.2 Identification (where relevant) of any pending high-risk or unusual procurement activities.
- whether there will be any directly appointed units and the implications for tendering activity for other units to ensure the use of price benchmarks for directly appointed units are robust
 - consideration of what process will be used to appoint an arbitrator or adjudicator should negotiations for direct appointments fail.
4. Procurement environment
- 4.1 Analysis of supplier market including any barriers to market entry and the communication plan.
- 4.2 Analysis of the approved organisation's current public transport services contract expiry dates, any early termination clauses and whether contract extensions may be required.
- 4.3 Analysis of the impact of the procurement programmes of other approved organisations and other entities.
5. Approach to delivering the work programme
- 5.1 Confirmation of specific strategic objectives.
- 5.2 The procurement approach. For each segment of the work programme, the procurement strategy should identify the optimal procurement options as they relate to the strategic objectives. Objectives against which the Transport Agency will evaluate procurement strategies include:
- key attributes and value for money strategy
 - the nature of the activities for each segment of work (eg complexity, scale, timing, innovation potential, risk and an assessment of the supplier market)
 - identification of which public transport units will be tendered, whether any units will be directly appointed and if there will be any like-for-like units
 - calculation of commerciality ratio for each public transport unit and for the region and establish league table
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Appendix A Procurement strategy checklist *continued*

Checklist 2 (Bus public transport units procurement) continued

- setting out of principles for collaborative relationships for public transport services that will inform the partnering relationship and contract management with operators
- phasing of tender rounds, and what units will be tendered together, considering the impact on benchmarking
- identification of any public transport services units that will be negotiated
- the financial incentive mechanism to be included in public transport services contracts
- description of the circumstances under which group tenders will be considered for public transport services contracts, any strategy or policies that may limit groups and the broad approach to evaluating such tenders. If group tenders not permitted state why
- proposed delivery model(s) and supplier selection method(s)
 - Identify the delivery model(s) that will be used, noting that the majority of services will be procured through the partnering delivery model
 - Identify which supplier selection methods will be used
 - Describe the tender evaluation methodology
 - Describe the contract and pricing model to be used
- impact of the preferred approach on value for money, fair competition, and competitive and efficient markets
- risk identification and management
- approach to contract management.
 - Develop an annual business planning process for public transport services contracts
 - Establish a process for managing and pricing service-level variations to partnering contracts
 - Establish a mechanism for gross price resets for partnering contracts.

5.3 Analysis of whether advanced components, customised procurement procedures or variations to procurement rules are required and why.

- where there are ferry or rail-based public transport units work with the Transport Agency to develop the customised procedures.

6. Implementation

6.1 Capability and capacity:

- description of the current and desired state, including current structure, roles and responsibilities within the wider organisational

 structure

Appendix A Procurement strategy checklist *continued*

Checklist 2 (Bus public transport units procurement) continued

- identification of any capability or capacity gaps
 - plan to fill the gaps.
 - 6.2 Internal procurement processes.
 - 6.3 Performance measurement and monitoring:
 - Transport Agency KPIs
 - additional KPIs
 - internal reporting, review and feedback process, including reporting on annual business planning.
 - 6.4 Communication plan:
 - internal stakeholders
 - other approved organisations and entities
 - supplier market
 - the Transport Agency.
 - 6.5 Implementation plan.
 - 6.6 Corporate ownership and internal endorsement.
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