



# Facilities Management Session Tender Panels

TEM Conference 2015 – Tertiary Education Facilities  
Management Association

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Kembla Room - Novotel North Beach Wollongong  
2 September 2015*

- Appointed as General Manager Construction at the University of Melbourne in August 2007
- Large capital program on foot including a number of significant major projects in the \$100M plus range
- Multitude of smaller but complex capital projects required to support University strategic and operational objectives
- A team of staff with diverse experience and skills
- Immutable deadlines for the delivery of the works program due to academic imperatives and funding milestones
- A diverse range of contractors and consultants delivering work based on historical arrangements
- Lengthy procurement processes impacting on timely delivery of projects

- Streamline the procurement process for small to medium capital projects
- Ensure that all contractors met baseline pre-qualifications (safety, quality, insurance, legislative
- Establish panels of contractors/consultants to meet high throughput work packages Implement a transparent system for contractor and consultant engagement and performance assessment
- Ensure compliance with University procurement requirements and achieve a best practice procurement framework

- Improved efficiency
- Improved transparency
- Improved compliance
- Improved performance
- Consistency of approach
- Certainty for UoM
- Certainty for Contractors and Consultants
- Cost and time savings
- Happy clients

- A process to select a number of pre-qualified contractors to tender work to
  
- Typical services include:
  - legal, accountancy, human resources;
  - building and maintenance, and design services.

- Access to pool of prequalified tenderers encourages:
  - **Competition;**
  - **Efficient, effective and ethical use of resources; and**
  - **Accountability and transparency in decision-making**
  
- Standing offer arrangements mean no need for new/additional approach to the market
  
- Costs of establishing a panel can be offset by efficiencies of being able to order from the panel



# Establishing a panel (Who and what do you want?)



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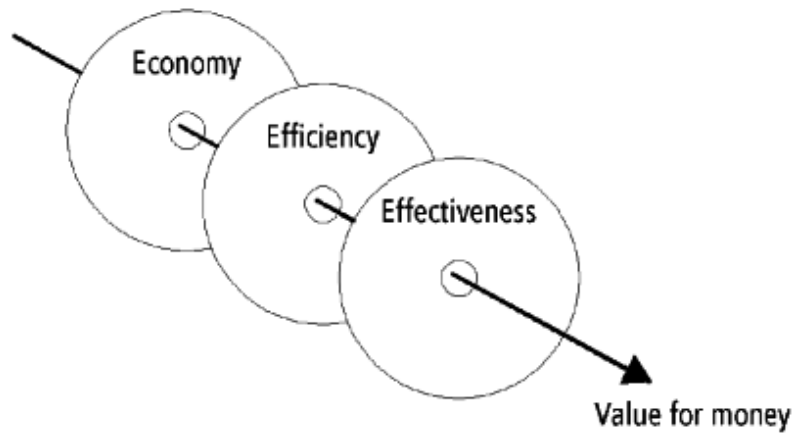
- Decision to establish panel should consider:
  - is it suitable – eg high volume, repetitive, non-specialised (not always), low cost
  - will a panel deliver the best Value for Money (VFM);
  - is the cost of establishment and managements outweighed by the benefits; and
  - are there sufficient potential suppliers to make a panel worthwhile.
- Consider structure of panel, eg sub-panels
- Specific scope – if scope too broad, excessive work in evaluating, if too narrow, benefits of panel reduced.



- Issues to consider:
  - what is your spend
  - what is your need
  - what is the market of suppliers
  - getting the balance right – tension between enough so you will always have a contractor and not too many that the suppliers do not get ROI
  - retain flexibility in case you get it wrong

- Putting together the EOI / RFT to apply to be on the Panel
- What information to obtain and what criteria to use
- Usually a single stage procurement
- Establishment of Panel through Deeds of Standing Offer or not
- 2012 report on Establishment and Use of Procurement Panels by ANAO findings: panels do not automatically equate to VFM

- Key consideration: how will panel services be accessed by users?
- Some agencies might allow panel users to purchase directly from panel members of their choice (centralised v decentralised)
- Some agencies may incorporate a mechanism to enable competitive processes between panel members
- 2012 ANAO Report found obtaining multiple quotes promotes VFM by way of competition in procuring from a panel



**VFM**  
Value For Money

The text 'VFM' is in large, bold, black letters. Below it, 'Value For Money' is written in a smaller, black, sans-serif font. The entire text is enclosed in a rounded rectangular border with a multi-colored gradient (green, yellow, red, blue).



- VFM - core principle applied in all procurement processes
  - Not just about price – but all costs and benefits of proposal and whole of life / total cost of ownership to be considered
- Commonwealth Procurement Rules (CPRs) – VFM:
  - fitness for purpose;
  - performance history of each prospective supplier;
  - the relative risk of each proposal;
  - flexibility to adapt to possible change over the lifecycle of purchase;
  - financial considerations and evaluation of contract options.
- VFM is enhanced by other procurement principles – encouraging competition, effective & ethical use of resources etc.

# Should we use Deed of Standing Offer?

- Deed of Standing Offer is a legally binding instrument binding a supplier to provide goods or services if and when required.
- Is it really necessary
- Separate contract created in each instance of ordering goods/services



# Can panellists sue us if we have them on panel but don't use them?

- Simple answer: No – if documents right
- Suppliers should be made to agree and acknowledge (via DoSO/contract agreement) that the agency:
  - does not guarantee orders for any services or quantity;
  - reserves the right not to request provision of any services;
  - reserves the right to request the provision of services from time to time and to place as many, or as few, orders in its sole and absolute discretion;
  - Stay flexible – add and remove panelists
- Beware misleading and deceptive conduct
- Agencies should be careful not to imply a minimum threshold of work will be given.

# Can panellists sue us if we have them on panel but don't use them?

- Exclusive or Non-Exclusive?
  - whether goods/services will only be provided to the agency from panel;  
or
  - may also be purchased through other procurement processes.
  
- A Non-Exclusive arrangement provides flexibility to purchase outside of arrangement
  - Market expectations can be taken into account
  - For some markets it won't make a difference
  - For others – if not exclusive (and committed volume) may be less likely to respond and/or may tender higher rates

# Considerations: Duration of panels and how panels effect the markets

- Panels have a set period of operation
- No standard term for panel arrangements. Factors taken into account include:
  - strength and maturity of the market;
  - issues specific to the goods/services being purchased; and
  - the effort required in setting up the panel.
- Many panels have duration of 3-5 years,
- Options (useful mechanism for providing flexibility and dealing with market changes)
- Effects on Market
  - Seller's market = agency less likely to get suppliers to sign up
  - Markets where 1 or 2 dominant suppliers exist mean an effective panel must include these suppliers

- Panel management
  - be transparent
  - regular communication between suppliers and users
  - set the rules (eg select by rotation unless reason not to)
  - monitoring and reviewing procurement activity
  - maintaining adequate documentation.

- Sound reporting:
  - Internal Reporting
    - panel usage (how many, where, how much \$, who how selected)
  - External Reporting (Supplier Reporting)
    - monitoring performance of suppliers (e.g. supplier self-assessment checklists)
    - supplier and user views on administration of panel



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