

# RAISING THE BAR – PROCUREMENT PROFESSIONALS

The Working Group 11 – Procurement Professionals extract from the  
'Raising the Bar' interim report published by the Steering Group on  
Competence for Building a Safer Future – August 2019

*Interim Report*

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## Foreword

It's been my privilege to Chair the Procurement Working Group as part of the Competence Steering Group to tackle competency failings identified in the Hackitt Review, *Building a Safer Future*, following the Grenfell Tower fire. I'd like to acknowledge all of the contributions from the 25 members of the Working Group who provided expert input and construction industry context for this interim report.

Having worked in procurement for over 35 years, including 7 years as a Director of CIPS, I have been concerned that the normal professional procurement practices, which I have seen in many other sectors, are not being followed in some parts of the construction sector. I recognise that a number of efforts have been made to improve modern procurement practices over the years, but the competence of many of the individuals involved is not yet at the required standard.

Throughout the working group discussions there have been many examples provided of poor commercial practices which have led to a focus on price and margin at the expense of safety. We know that profit margins throughout the construction industry are low and with high levels of competition there is a real concern, despite the best intentions of everyone involved in the various working groups, that the culture of low prices and undercutting of competitors will continue.

This report focuses on the proposed procurement competencies for people involved in any procurement on Higher Risk Residential Buildings (HRRBs). A new competence framework has been created to identify the capabilities and knowledge that are needed to carry out the procurement activities, allowing organisations and individuals, whatever their current role and profession, to assess their competence to carry out good procurement practices.

The acceptance of these recommendations by the construction industry, combined with the full recommendations from the Construction Steering Group, will make a vital contribution to the increased safety of the people living in HRRBs in future.

**Duncan Brock, FCIPS, Chartered Professional**  
**Chair, Procurement Professionals Working Group**  
**27 August 2019**

## Working Group 11 – Procurement Professionals

**Chair:** Duncan Brock, Chartered Institute of Procurement & Supply (CIPS)

**Secretary:** Lauren Williams, CIPS

The lead contributors are listed in Annex A.

### Executive Summary

1. In response to *Building a Safer Future*, the CSG agreed that a focus on Procurement competences is required. It is recognised that poor procurement practices can lead to decisions that compromise all aspects of building and life safety, and across the sector there is a desire to improve the competence of people involved in procurement activities so that better decisions are taken at all levels of the construction supply chain.
2. The CSG established Working Group 11 (WG11), chaired by The Chartered Institute of Procurement and Supply (CIPS) to focus on procurement professionals. The working group's Terms of Reference are:
  - To agree specific procurement competence levels, and measures of competence, for people involved in all aspects of sourcing, tendering, contracting and contract management of suppliers and resources involved in the construction of new HRRBs; and
  - Delivering the ongoing services, refurbishment, retrofit, maintenance and repairs for all HRRBs.
3. The structure for the framework is the eight stages of the RIBA Plan of Work, with the specific procurement activities for each stage based on the standard CIPS Procurement and Supply Cycle<sup>1</sup>.
4. The CIPS Global Standard<sup>2</sup> has provided the detailed content for the specific Procurement Capabilities and Knowledge, and these have been adapted by the members of WG11 for the construction industry and specifically for HRRBs.
5. In this context the definition of procurement is wide. It covers all of the activities in the procurement cycle and therefore this competence framework will be relevant to many/most people who are involved in the construction of new HRRB's and in delivering the ongoing services, refurbishment, retrofit, maintenance and repairs for all HRRB's.
6. It is recognised that dedicated, competent procurement professionals are not currently involved in all required procurement activities identified for HRRBs. This competence framework identifies the capabilities and knowledge that are needed to carry out the procurement activities, allowing organisations and individuals, whatever their current role and profession, to assess their competence to carry out good procurement practices.
7. Anyone involved in procurement activities throughout the supply chain has a responsibility to ensure that they possess the required competence set out in this document.

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<sup>1</sup> The CIPS Procurement and Supply Cycle can be found on the CIPS website in the Knowledge section

<sup>2</sup> The CIPS Global Standard can be found on the CIPS website in the Knowledge section

## Key Recommendations

**Recommendation One<sup>3</sup>:** There must be a Procurement Lead for HRRBs with a comprehensive HRRB procurement competence level involved at every stage of the RIBA Plan of Work

**Recommendation Two<sup>4</sup>:** The HRRB Procurement Lead will be assessed and accredited against a new procurement competence framework which identifies the capabilities and knowledge that are needed to carry out all procurement activities identified for HRRBs

**Recommendation Three<sup>5</sup>:** Implementing this Procurement Lead role will need a culture change in the construction sector and work is needed to raise awareness of the new competence requirements for procurement activities to ensure appreciation and compliance.

## Industry Context

8. It is recognised that throughout the construction industry it is not always common practice to have dedicated procurement professionals involved in every procurement activity. This also applies to HRRBs. It has been accepted that the procurement activities can be carried out by other professions without ensuring that they have the full commercial competencies and experience.
9. In comparison, other sectors such as Oil & Gas and Automotive would not allow procurement to take place without going through a proper structured procurement process led by procurement professionals. It is accepted that the situation in construction needs to change.

## Responding directly to questions arising from Dame Judith Hackitt's recommendations

10. In Dame Judith Hackitt's report there were a number of recommendations made about Procurement and Supply, and the Government's response was published by the Ministry of Housing, Communities and Local Government on 18 December 2018 in the Policy Paper - Building a Safer Future: An Implementation Plan. Chapter 9 of the Policy Paper covers Procurement and Supply:

### 10.1:

- a. For higher risk residential buildings (HRRBs), principal contractors and clients should devise contracts that specifically state that safety requirements must not be compromised for cost reduction.
- b. The Government should consider applying this requirement to other multi-occupancy residential buildings and to institutional residential buildings.

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<sup>3</sup> R63 in the 'Raising the Bar' interim report overall recommendations (see p.34)

<sup>4</sup> Included in R3 of the 'Raising the Bar' interim report generic recommendations (see p.26)

<sup>5</sup> R64 in the 'Raising the Bar' interim report overall recommendations (see p.34)

11. The Government accepts this recommendation and will work with procurement professionals across the public and private sectors to develop standards and disseminate procurement best practice that prioritises safety outcomes.
- 11.1:
  - a. For HRRBs, tenders should set out how the solution that is proposed will produce safe building outcomes, approaching the building as a system. Those procuring should use the tender review process to test whether this is the case.
  - b. The Government should consider applying this requirement to other multi-occupancy residential buildings and to institutional residential buildings.
12. For HRRBs the information in the contracting documentation relating to the safety aspects should be included in the digital record set out in Chapter 8.
13. To support the implementation of these recommendations, it has been identified that improving the competences of everyone involved in procurement activities will be a key factor.
14. This competence framework identifies the capabilities and knowledge that are needed to carry out the procurement activities, allowing organisations and individuals, whatever their current role and profession, to assess their competence to carry out good procurement practices.
15. The new Procurement Competence Framework for HRRBs included within the appendices of this document directly addresses the above recommendations, and also suggests further recommendations in order to improve the overall procurement process for HRRBs to preserve life and building safety.

### **Detailed analysis of issues**

16. Throughout the discussions in WG11 and the CSG, there have been many examples provided of poor commercial practices which have led to a focus on price and margin at the expense of safety. We know that profit margins throughout the construction industry are low and with high levels of competition there is a real concern, despite the best intentions of everyone involved in the various working groups, which the culture of low prices and undercutting of competitors will continue.
17. It is recognised that to embed a safety first mentality through the sourcing, contracting and contract management process is a significant change from the current operating environment, and the fear expressed by some of the contractors is that if they follow the best practices recommended in this report they will lose new contracts to other contractors who continue to cut corners to win business. They all quote examples of where this has happened in the past, and where safety has been compromised for commercial gain.
18. Other industries have gone through similar culture changes and commercial practices have altered. A balanced approach to decision-making at every stage of the sourcing, contracting and contract management process is needed. We have built this into every stage of the new HRRB Procurement Competence Framework.

19. It has been identified that one of the main issues is that procurement activities are too often being carried out by individuals who are not fully qualified or fully competent which leads to poor decision-making and focus on price rather than building safety. This drives poor behaviours throughout the supply chain, and when margins are tight there is a potential for people to prioritise cost over quality and safety. This occurs not only at the awarding of a major contract but all the way down through the contractor and supplier supply chain.
20. It is clear that the current approach to tendering and contracting reinforces these price focused behaviours as was highlighted by *Building a Safer Future*.

### **Raising the bar: Proposed approach**

21. It is recognised that dedicated, competent procurement professionals are not currently involved in all required procurement activities identified for HRRBs. A new competence framework has been created to identify the capabilities and knowledge that are needed to carry out the procurement activities, allowing organisations and individuals, whatever their current role and profession, to assess their competence to carry out good procurement practices.
22. It has become clear through the discussions in WG11 that a new HRRB Procurement Lead role with a comprehensive competence level is needed at every stage of the RIBA Plan of Work, and that we need to define a way to assess and accredit that person to work on procurement activities on HRRBs.

### **What is a Procurement Lead?**

23. Through education, training and experience, a Procurement Lead competently applies knowledge and understanding of:
  - How to achieve value for money outcomes within the supply chain through effective spend management;
  - How to formulate selection criteria and sourcing strategies to ensure that the organisation will achieve the appropriate choice of supplier for goods, services or works;
  - How to create robust contractual arrangements with the organisation's supply chain to ensure positive outcomes in cost, time, quality & safety;
  - How to deliver value added outcomes to the organisation which can include:
    - improved quality and safety;
    - achievement of timescales;
    - required quantities;
    - reduced prices and costs;
    - innovation and sustainable supply of goods;
    - services provided by external suppliers;
  - How the external environment influences procurement and supply;
  - Recognising, evaluating and promoting the importance of ethics and responsible procurement in organisations and supply chains;
  - Opportunities for the use of technology and systems to improve procurement and supply;

- Methods to monitor and collate information and data to communicate performance to suppliers and stakeholders; and
  - Leading and coaching people within the organisation, suppliers and other stakeholders to further the objectives of improved procurement and supply.
24. Anyone involved in procurement activities throughout the supply chain has a responsibility to ensure that they possess the required competences set out in WG11's recommendations. The framework applies not only to procurement conducted by the client, but also carried out by prime contractors and contractors throughout the supply chain.
25. This competence framework identifies the capabilities and knowledge that are needed to carry out the procurement activities, allowing organisations and individuals, whatever their current role and profession, to assess their competence to carry out good procurement practices.
26. The HRRB Procurement Lead does not have to be a qualified procurement professional, but they must ensure they have the required level of procurement competence as defined in the Competence Framework in Annex 11C in supporting documents.
27. This framework is built on best practices in procurement, using the CIPS Global Standard for Procurement and Supply as the foundation. Applying best practice procurement will ensure that safety considerations for HRRBs are fully assessed and incorporated into any decision making processes, making sure they are not compromised by short term commercial benefits.
28. The detailed framework is included in Annex 11C and can be used as follows:
- For individuals to assess their current procurement competences and identify gaps in capabilities and knowledge that need to be closed;
  - For organisations to assess the competency of people involved in HRRB procurement activities to identify gaps in capabilities and knowledge that need to be closed; and
  - For organisations to use when recruiting procurement professionals to work on HRRBs, to ensure they are competent to carry out their role.

### **Programme for delivery and Primary authorities**

29. The following steps are proposed for successful implementation of the new Procurement Competence Framework for HRRBs:
- Gain final approval from MHCLG to implement the Framework;
  - Finalise the assessment and accreditation approach, in line with the recommendations for the Overarching Competency System, proposed by WG0 and included in the Government's consultation<sup>103</sup> and develop the assessment tool and process for accreditation;
  - Work with the Local Government Association (LGA), National Housing Federation (NHF), Early Adopters, CIPS Construction Procurement Leadership Group, and members of WG11 to roll-out the Framework and raise procurement competencies in their organisations;
  - Raise awareness of the new competence requirements for Procurement across the construction sector through conferences and forums held by relevant sector bodies; and



- Update the Framework to reflect regulatory and guidance changes resulting from the Government consultation.
30. It is envisaged that all of the above can be completed by January 2020.
31. CIPS is the Primary Authority for the procurement competence standard, assessment and accreditation.
32. UKAS are being considered as the Oversight Body for the CIPS procurement competence assessment and accreditation processes.

### **Barriers to delivery**

33. Barriers to delivery might include:
- Acceptance in the construction industry that procurement practices need to change to ensure there is a balanced approach to commercial decision making, taking into account safety as well as cost. This is a culture change and needs to be linked to the other culture change initiatives that are being proposed by the CSG;
  - Investment in the proposed competence assessment approach and register of individuals. CIPS is willing to contribute towards the necessary funding, but other funding will be needed;
  - Getting the first organisations to make necessary investments in people, education and training to raise procurement competences to the required standard;
  - Investment from all of the major organisations involved in the construction supply chain to raise competence levels through training and education;
  - Cascading the procurement competence-raising initiatives down through the smaller contractors where it may not currently be recognised that these specific procurement competences are needed; and
  - Holding organisations to account if they don't demonstrate that they have implemented the proposed competence improvement initiatives and they continue poor procurement practices, leading to safety being compromised for commercial gain.

### **Acknowledgements**

Thanks to all those who have provided support, guidance and contributions to the report. Thanks also to CIPS and Trowers & Hamlin for hosting meetings.

## Annex

### A. Lead Contributors

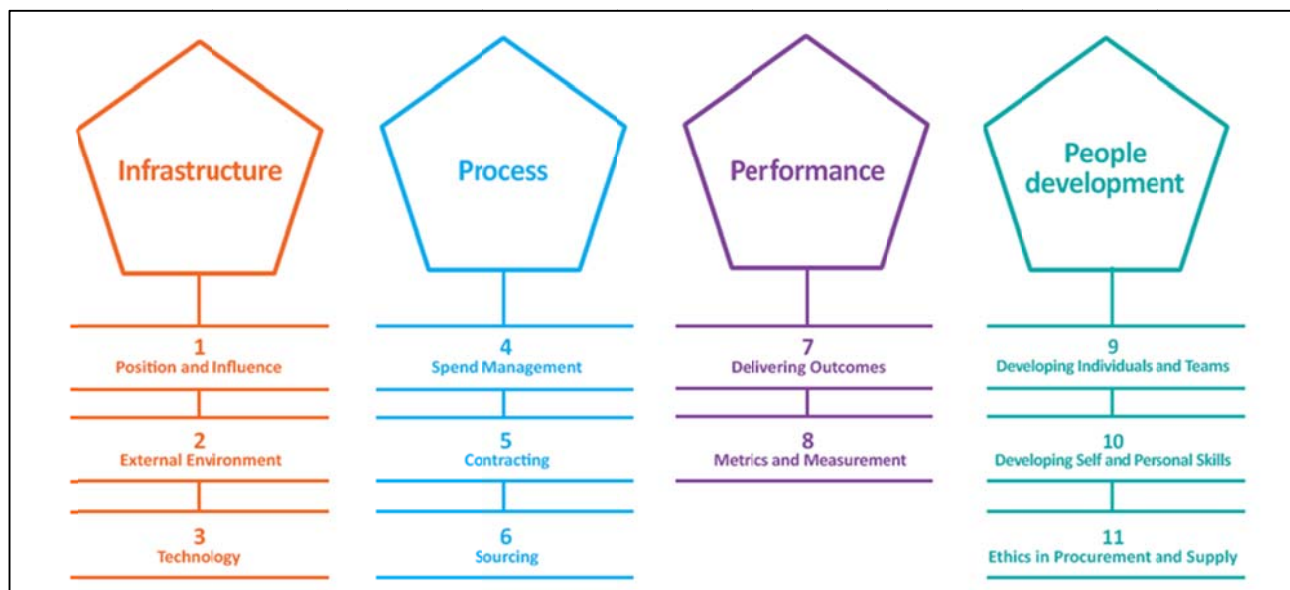
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## **B. Core competencies**

This competence framework has been adapted for HRRBs from the CIPS Global Standard for Procurement and Supply<sup>6</sup>. The Standard sets the benchmark for what good looks like in procurement and supply at all levels and across all sectors.

The content of the CIPS Global Standard has been developed through consultation with an extensive, global panel of 3000 practitioners and academics drawn from the diverse sectors and skill sets inherent within the profession.

The Global Standard structure has four main pillars and contains eleven themes:



References to the specific sections in each of the themes are included in the detailed framework in Annex C.

Using the RIBA Plan of Work and the CDM Regulations 2015, a Procurement Competence Matrix has been created which defines four levels of competence for all of the key roles identified in the CDM Regulations. A Procurement Lead role has been added in recognition that dedicated procurement professionals are not currently involved in all required procurement activities identified for HRRBs.

It is important to emphasise that anyone involved in procurement activities throughout the supply chain has a responsibility to ensure that they possess the required competency set out in this document.

For substantial changes to building integrity or any major refurbishments, the procurement activities must be repeated from RIBA Stage 1 onwards.

<sup>6</sup> <https://www.cips.org/en/knowledge/global-standard-for-procurement-and-supply/>

## Required Procurement Competence Matrix

CDM Role <sup>7</sup>	RIBA Stages							
	0 Strategic Definition	1 Preparation & Brief	2 Concept Design	3 Developed Design	4 Technical Design	5 Construction	6 Handover & Closeout	7 In Use
<b>Client</b>	Understanding	Understanding	Understanding	Understanding	Understanding	Understanding	Understanding	Understanding
<b>Designer</b>		Understanding	Understanding	Understanding	Understanding	Appreciation	Appreciation	
<b>Principal Designer</b>		Appreciation	Appreciation	Appreciation	Appreciation	Appreciation		
<b>Principal Contractor</b>			Appreciation	Understanding	Understanding	Understanding	Understanding	
<b>Contractor</b>					Appreciation	Appreciation	Appreciation	Appreciation
<b>Worker</b>						Awareness	Awareness	Awareness
<b>Procurement Lead</b>	Comprehensive	Comprehensive	Comprehensive	Comprehensive	Comprehensive	Comprehensive	Comprehensive	Comprehensive

## Competency Rating Bands<sup>8</sup>:

### Level 1 - Awareness

The individual has a basic knowledge of the subject and how it relates to their role

### Level 2 – Appreciation

The individual has general background knowledge of the subject but may require the specialist input of others to assess compliance

### Level 3- Understanding

The individual has sufficient knowledge of the complexities involved in order to make independent decisions and assessment in controlling compliance of procurement for typical building work relating to an HRRBs, including utilising input from other specialists

### Level 4 – Comprehensive

The individual has sufficiently detailed knowledge and skills to make decisions on complex issues relating to procurement in the design and construction of HRRBs and the ability to commission and interrogate specialist assistance where necessary

## Assessment of Competency Rating Bands

<sup>7</sup> Construction (Design and Management) Regulations 2015 (CDM 2015) – definitions of roles detailed in Glossary

<sup>8</sup> Competency rating bands as discussed in Working Group meeting and adapted from WG6 Competency Framework

### **Level 1 - Awareness**

To ensure **Awareness** of the subject matter relating to the competencies set out in the 'Procurement Competency Framework for Higher Risk Residential Buildings (HRRBs)' E-Learning could cover this form of assessment, it would be widely accessible and records easily maintained for those who had undertaken the learning. On completion, the individual is therefore confirming their **Awareness** of the subject matter relevant to their role.

### **Level 2 – Appreciation**

To ensure **Appreciation** of the subject matter relating to the competencies for a role that an individual undertakes as set out in the 'Procurement Competency Framework for Higher Risk Residential Buildings (HRRBs)' e-learning could cover this form of assessment with some focussed activities to test that their knowledge and understanding is stretched beyond '**Level 1 Awareness**' to '**Level 2 Appreciation**'. This would be widely accessible and records electronically maintained at point of data capture for those who undertake the learning. On completion, the individual is therefore confirming their **Appreciation** of the subject matter relevant to their role.

### **Level 3- Understanding**

To ensure **Understanding** of the subject matter relating to the competencies for a role as set out in the 'Procurement Competency Framework for Higher Risk Residential Buildings (HRRBs)' individuals undertaking roles that are required to evidence a competency of '**Level 3 Understanding**' would undertake an assessment that is measured through a series of questions that will test knowledge and understanding of the subject matter. These questions are set against the competencies themselves and test the knowledge that is required to achieve the competency statements set out in the framework. On completion, the individual is therefore confirming their **Understanding** of the subject matter relevant to their role.

CIPS has agreed to develop the '**Level 3 Understanding**' questions and adapt the existing CIPS Competence Assessment Tool so that it can be used for this purpose across the construction industry.

A range of learning interventions and supporting activities will be mapped against the competencies so individuals can fill any identified gaps in their knowledge or understanding.

### **Level 4 – Comprehensive**

To ensure a **Comprehensive** knowledge, understanding and experience of the subject matter relating to the competencies for a role as set out in the 'Procurement Competency Framework for Higher Risk Residential Buildings (HRRBs)' individuals undertaking these roles are required to evidence competency at '**Level 4 Comprehensive**'. This would require individuals to undertake an online assessment that will test knowledge and understanding of the subject matter. These questions are set against the competencies and test the Knowledge and Understanding that is required to achieve the competency statements set out in the framework. To satisfy the 'Experience' requirement of the subject matter, the role holder will also be required to produce a 'professional paper' (format to be defined) that can evidence practical application of the required competencies in the context of HRRBs which can be verified and validated. There would be an additional requirement every 2 years for the role holder to

evidence they are keeping up to date and current with the complex issues relating to procurement in the design, construction, refurbishment and management of HRRBs.

An open register would be maintained of individuals who have successfully demonstrated their level of competence appropriate to their role.

CIPS has agreed to develop the '**Level 4 Comprehensive**' questions and adapt the existing CIPS Competence Assessment Tool so that it can be used for this purpose across the construction industry. CIPS can also develop the approach to assessing Experience, if there isn't an existing approach that can be used. CIPS can also adapt the current Procurement Professional Register that is on the [cips.org](http://cips.org) website to have a specific HRRB section if required.

A range of learning interventions and supporting activities will be mapped against the competencies so individuals can fill any identified gaps in their knowledge or understanding.

## **C. Competence Framework**

### **RIBA Stage: 0 – Strategic Definition**

Identify client's Business Case and Strategic Brief and other core project requirements.

#### **Procurement Activities – Understand the Business Need:**

Consultation with multiple and in most cases cross-functional stakeholders and specialists to develop the required depth of understanding of the strategic brief including sustainability aspirations and the implementation and future change management process. Understand risk and building safety issues, including fire safety. Understand budget and programme management. Commence record keeping, accountability and auditing processes. Source specialist services

*(Ref. CIPS Procurement Cycle Stage 1 - Understand the Business Need)*

<b><u>Capabilities</u></b> <b>Will be able to:</b>	<b><u>Knowledge</u></b> <b>Will know and understand:</b>
<ul style="list-style-type: none"> <li>• Actively lead the development and promotion of effective business cases, acquisition and category strategies with stakeholders that reflect organisational objectives and building safety. Promote the consideration of the consequences of decisions that impact on suppliers and supply markets and to create a culture of innovative sourcing solutions, consider a market which may not already exist</li> <li>• Develop appropriate and safe strategies and plans for the adoption of collaborative strategies via Early Contractor Involvement (ECI) and supply chain collaboration.</li> <li>• Contribute to the programming and risk management at early preconstruction planning stage and promote its practice by internal and external stakeholders.</li> <li>• Encourage collaboration between procurement/supply chain personnel with stakeholders to develop effective category strategies including building safety.</li> <li>• Develop and instigate approaches with stakeholders to support collaborative business relationships using appropriate standards and frameworks</li> <li>• Contribute to investment appraisal and decisions undertaken by internal and external stakeholders so that total costs of ownership</li> </ul>	<ul style="list-style-type: none"> <li>• The building safety requirements for HRRBs, including building safety file, and those responsible for developing them</li> <li>• For existing HRRBs - the safety and integrity of the building, how it has been built and to what specification</li> <li>• The sources of organisational competitive advantage such as: <ul style="list-style-type: none"> <li>○ sources of differential advantage</li> <li>○ product/service range</li> <li>○ brand image</li> <li>○ customer care</li> <li>○ social value</li> <li>○ best value</li> <li>○ other order winning criteria</li> </ul> </li> <li>• The application of both collaborative and competitive strategies, where appropriate, for improving supply chains and how they differ in their application</li> <li>• The implications of ISO44001 and other frameworks and standards that create partnering and collaborative approaches to supplier relationship management</li> <li>• Approaches to demand forecasting and balancing demand with supply</li> <li>• The use of technology transfer. Making decisions on capital investment</li> <li>• Understanding of business cases</li> </ul>

<p>are understood-and the best investment decisions can be made, with an overall focus on safety and quality</p> <ul style="list-style-type: none"> <li>• Source specialist services required for the design and development of HRRBs</li> </ul>	<ul style="list-style-type: none"> <li>• The advantages of adopting BIM across the whole lifecycle of the building and good data management principles for better integration and collaborative working and the adoption of a whole life approach to the asset.</li> <li>• The importance of good administration, recording procurement decisions and overall transparency of the process</li> </ul>
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N.B – Adapted from CIPS Global Standard for Procurement & Supply: Process Pillar, Theme 4 ‘Spend Management’, Segment 4.7 ‘Developing Operational Expertise in Procurement’.



## RIBA Stage: 1 – Preparation & Brief

Develop project objectives including quality objectives and project outcomes, sustainability aspirations, project budget, other parameter or constraints and develop initial project brief. Undertake feasibility studies and review of site information.

### Procurement Activities – Develop Strategy & Plan:

Scope out spend and project budget. Identify potential main and contractors and degree of competition in the construction market place.

Research options to source and select team members and the wider supply-chain, including (if adopting a principal contractor procurement solution) the benefits of early contractor involvement to design a solution that maximises safety for the end user and meets the project objectives.

Conduct pre-market engagement with potential team members to develop evaluation for issues and all new applicable environmental, safety and risk legislations.

Consider whether project team is client or contractor led.

Decision on the appropriate procurement route.

Source specialist services.

*(Ref. CIPS Procurement Cycle Stage 3 – ‘Develop Strategy & Plan’)*

<b><u>Capabilities</u></b> <b>Will be able to:</b>	<b><u>Knowledge</u></b> <b>Will know and understand:</b>
<ul style="list-style-type: none"><li>• Encourage the use of project partnering and strategic partnering throughout the sector through demonstrating effective leadership skills and recommending the use of appropriate partnering tools including a pre-construction timetable of activities, risk register and open-book pricing.</li><li>• Participate in consultations and other events to guide the development of Model Form contracts and industry practice</li><li>• Encourage the adoption and use of standards that identify, manage and mitigate risks in the supply chain, particularly relating to building safety during both construction and occupation</li><li>• Research the construction, services and facilities management market to understand contractors and suppliers capabilities, capacity and profitability</li><li>• Encourage a costing and price evaluation strategy that ensures life and building safety</li></ul>	<ul style="list-style-type: none"><li>• The impact on supply chain relationships of undertaking major programmes and projects.</li><li>• The risks associated with project management, safety, and the use of incorrect procurement processes</li><li>• The use of contractual mechanisms to manage the procurement, pre-construction and construction phases of a project to ensure safety outcomes, including performance metrics.</li><li>• The advantages and disadvantages of different Model Form contracts in the HRRB environment and the suitability of the contract to support the achievement of the project outcomes.</li><li>• Benchmarking of programmes and projects. The principals, tools, processes and best practices in management of contracts and supplier performance</li></ul>

<p style="text-align: center;"><b><u>Capabilities</u></b></p> <p style="text-align: center;"><b>Will be able to:</b></p>	<p style="text-align: center;"><b><u>Knowledge</u></b></p> <p style="text-align: center;"><b>Will know and understand:</b></p>
<p>outcomes are not compromised for cost reduction.</p> <ul style="list-style-type: none"> <li>• Carry out cost analysis for the project covering the full operation of the asset over time</li> <li>• Understand cost, value and price and the need to select all suppliers on best value not simply lowest price.</li> <li>• Consider social value initiatives, proportionate to the value of the project, mechanisms of measurement and how success will be defined.</li> <li>• Understand integrated project process mechanisms via which safety, quality and efficiency can be improved including: <ul style="list-style-type: none"> <li>○ Agreeing mutual objectives</li> <li>○ Open communication</li> <li>○ Commitment to continuous improvement</li> <li>○ Measuring progress</li> <li>○ Active risk management</li> <li>○ Resolving disputes</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Appropriate routes to market and relationship strategies</li> <li>• The forms of alternative dispute resolution including adjudication, mediation, conciliation and expert determination and negotiation as a preference to litigation and arbitration.</li> <li>• The use of contract registers and the evaluation of the associated data and information</li> <li>• Balance scorecard decision making</li> </ul>

N.B – Adapted from CIPS Global Standard for Procurement & Supply: Process Pillar, Theme 5 ‘Contracting in Procurement & Supply’, Segment 5.7 ‘Leading Improvements in Contracting Practice’.

## RIBA Stage: 2 – Concept Design

Prepare Concept Design, including outline proposals for structure design, building services systems, outline specifications and preliminary cost information along with relevant project strategies in accordance with design programme. Agree alterations to brief and issue final project brief.

### Procurement Activities – Understand Market & Prepare Documentation:

Conduct pre-Procurement route to market evaluation for principal contractors & key contractors and test & market engagement. Understand competitiveness of Construction market.

Identify risk and safety issues and all new applicable environmental, social, safety and risk legislations.

Develop sourcing strategy and supplier selection process recognising overarching policy and plan e.g. SMEs, sustainability aspirations, single stage tendering, principal contractor, competitive dialogue etc.

Select and develop the appropriate documents: Standard Selection Questionnaire (SQ)/Pre-Qualification Questionnaire (PQQ), Invitation to Tender (ITT) and Request for Quotation (RFQ).

Source specialist services.

*(Ref. CIPS Procurement Cycle Stage 3 – ‘Develop Sourcing Strategy & Plan’, Stage 4 – ‘Pre-Procurement Market Testing’ and Stage 5 – ‘Develop Documentation’)*

<b><u>Capabilities</u></b> <b>Will be able to:</b>	<b><u>Knowledge</u></b> <b>Will know and understand:</b>
<ul style="list-style-type: none"><li>• Develop approaches to mitigate the impact of the supply chain that could adversely affect the reputation of the organisation and contribute to the use of risk pathways by the organisation</li><li>• Take calculated risks in the development and implementation of sourcing plans to deliver innovative solutions for the organisation and assigns risks to the party best placed to manage them</li><li>• Monitor and evaluate developments in legal issues that affect sourcing decisions in supply chains and advise colleagues and strategic stakeholders on actions that can be taken to mitigate risks</li><li>• Develop and communicate an assessment of risks using intelligence and alerts to manage emerging risks from external influences such as cyber security, disruptive technologies, counterfeiting and fraud</li><li>• Develop strategies that deliver genuine value for the organisation and promote social value</li><li>• Understand and apply the qualification requirements specifically for HRRBs into the</li></ul>	<ul style="list-style-type: none"><li>• The impacts of risks on the reputation of organisations. The use of risk assessments and approaches to manage risks in sourcing plans. The use of standards for risk management such as<ul style="list-style-type: none"><li>○ ISO 22301</li><li>○ ISO 27001</li><li>○ BS 31000</li></ul></li><li>• The main implications of globalisation on supply chain management and their bearing on risk such as:<ul style="list-style-type: none"><li>○ Global logistics</li><li>○ Supply chain vulnerability</li><li>○ Ethical sourcing</li><li>○ ISO 20400 – sustainable procurement</li><li>○ The local versus global dilemma</li></ul></li><li>• Emerging risks such as cyber security, disruptive technologies, counterfeiting and fraud</li><li>• The impact of key legislation and regulations on competition law, licensing, tariffs and duties on imports and applicable law for international contracts</li></ul>

<p style="text-align: center;"><b><u>Capabilities</u></b></p> <p style="text-align: center;"><b>Will be able to:</b></p>	<p style="text-align: center;"><b><u>Knowledge</u></b></p> <p style="text-align: center;"><b>Will know and understand:</b></p>
<p>supplier selection process</p> <ul style="list-style-type: none"> <li>• Consider price evaluation formulae to be adopted in the works tender process, appreciate the risks of using a relative pricing model even when combined with quality criteria.</li> <li>• Develop a procurement strategy to provide structure to all procurement activities for the project including:               <ul style="list-style-type: none"> <li>○ Sourcing and supply chain overview</li> <li>○ Key market risk and opportunity analysis</li> <li>○ Proposed procurement route</li> <li>○ Pricing / contract strategy</li> <li>○ Sustainable Procurement impact assessment</li> <li>○ Integration with asset management strategy</li> <li>○ Facilities Management requirements for the occupied building</li> <li>○ Warranty and guarantee requirements for key materials</li> <li>○ Procurement schedule with key dates for procurement activities</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• The use of insurances for protection against risks in supply chains including: business interruption, credit protection, import/export, public and employers liability and professional indemnity</li> <li>• The benefit of undertaking "dry runs" of different evaluation methodologies and criteria to ensure that the adopted evaluation tool for the Project achieves the desired outcomes.</li> <li>• The use of a Project Bank Account or other means to ensure fair payment terms flow down the supply-chain.</li> <li>• Social value considerations</li> <li>• The risk of using a relative pricing model which incentivises lowest price bidding and alternative price evaluation models which may undercut quality or safety outcomes</li> <li>• The need for whole life cost analysis and its ability to positively affect design considerations</li> </ul>

N.B – Adapted from CIPS Global Standard for Procurement & Supply: Process Pillar, Theme 6 ‘Sourcing in Procurement & Supply’, Segment 6.10 ‘Evaluating and Advising on Risks in Strategic Procurement and Supply’.

### **RIBA Stage: 3 – Developed Design**

Prepare Developed Design, including coordinated and updated proposals for structural design, building services systems, outline specifications, Cost Information and Project Strategies in accordance with Design Programme.

### **RIBA Stage: 4 – Technical Design**

Prepare Technical Design in accordance with Design Responsibility Matrix and Project Strategies to include all architectural, structural and building services information, specialist contractor design and specifications in accordance with Design Programme

### **Procurement Activities - Finalise Procurement Documentation, Select Supplier and Contract Award:**

Develop documentation, detailed spec, tender documents. Tenders should set out how the solution that is proposed will produce safe building outcomes, approaching the building as a system. Develop contract T&Cs. Contracts to include sustainability, pricing, quality, functionality, time. Contracts to include risk mitigation and risk management. Assess construction market for capabilities and capacity. Conduct due diligence to gain insights into suppliers, size, capabilities, financials, strengths and weaknesses before assessing whether they should be included in the tender process. Carry out Third Party Certification (TPC) checks.

Principal contractor and contractors selection to participate in ITT, RFI, pre-negotiation, and SQ/PQQ. Bid & tender evaluation criteria, including fire safety risk mitigation, sustainability & Whole Life Costs. Identify contractors and contractors size, scalability, financial strengths and weaknesses.

Issue RFQ or tender along with fully developed bid, spec and contractual documentation & evaluation criteria including safety, sustainability requirements, goals, objectives and aspirations, approaching the building as a system, future facilities management requirements.

Bid/tender evaluation & validation, post-tender negotiation, reference checking, supplier audits and technical audits where appropriate.

Achieving added value for the organisation through effective commercial negotiation without compromise of safety outcomes.

Contract award & implementation recognising all aspects of change management and stakeholder engagement recognising safety and sustainability requirements.

Management of contractors, dispute resolution, change control. The forms of alternative dispute resolution including adjudication, mediation, conciliation and expert determination and negotiation as a preference to litigation and arbitration.

Identify and evaluate potential Facilities Management suppliers.

Capture all relevant procurement documentation in the building's digital record.

*(Ref. CIPS Procurement Cycle Stage 5 – 'Develop Documentation', Stage 6 - 'Supplier Selection', Stage 7 - 'Issue RFQ', Stage 8 - 'Bid/Tender', Stage 9 – 'Contract Award & Implementation')*

<p style="text-align: center;"><b><u>Capabilities</u></b></p> <p style="text-align: center;"><b>Will be able to:</b></p>	<p style="text-align: center;"><b><u>Knowledge</u></b></p> <p style="text-align: center;"><b>Will know and understand:</b></p>
<ul style="list-style-type: none"> <li>• Ensure that all required details , specifications, safety requirements, sustainability requirements, KPIs, all stakeholder needs are entered onto requests for information requests for quotations, tenders or other documents used in the sourcing process</li> <li>• Liaise with internal stakeholders to review and clarify requirements to ensure that safety and value for money outcomes are achieved through the sourcing of goods or services</li> <li>• Develop and implement appropriate Sourcing Strategies for Construction requirements for both Contractors and contractors where required recognising sourcing options and risk mitigation and safety and environmental requirements.</li> <li>• Ensure compliance with human rights and ethical practices, including confidentiality and due process, and standards are documented and corrective actions and corrective action process and procedures are well documented.</li> <li>• Ensure appropriate pricing mechanisms for responsible procurement and Contractor and contractor performance is implemented and enforced through the contract terms and contract management.</li> <li>• Compare and evaluate potential Contractor and Contractor quotations, using the previously agreed evaluation criteria, and deal with any queries or concerns about completed documentation</li> <li>• Make recommendations and obtain approvals within delegated levels of authority for the placement or award of contracts</li> <li>• Ensure all applicable and required stakeholder contractual requirements are fully documented including specifications, evaluation criteria including sustainability, safety, time and performance. Include alternative dispute resolution and contract review mechanisms.</li> <li>• Manage the tendering and evaluation process, including: responding to queries; opening tenders; creating the evaluation committee; and debriefing suppliers.</li> </ul>	<ul style="list-style-type: none"> <li>• Reviewing and clarifying requirements from internal stakeholders</li> <li>• The generation of requests for information or requests for quotations including <ul style="list-style-type: none"> <li>- Required quality and safety</li> <li>- Pricing</li> <li>- Sustainability</li> <li>- Social Value</li> <li>- Third Party Certification</li> <li>- Delivery timescales</li> <li>- Required quantities</li> <li>- Other site information</li> </ul> </li> <li>• The analysis and comparison of quotations to achieve quality, safe and value for money outcomes when creating purchase orders</li> <li>• Order placement and contract award</li> <li>• Performance and delivery aspects of the sourcing process</li> <li>• Taking account of sustainability in subcontracting. The use of subcontracting of work or services</li> <li>• Risks in subcontracting work or services such as: <ul style="list-style-type: none"> <li>- The loss of control</li> <li>- Reputational damage</li> <li>- Increased costs</li> <li>- Service performance</li> <li>- Delays</li> </ul> </li> <li>• The assessment of market factors in the development of a strategic sourcing or category management process such as: <ul style="list-style-type: none"> <li>- Industry dynamics and pricing behaviour</li> <li>- Financial data on suppliers</li> <li>- Market demand and supply factors</li> </ul> </li> <li>• The use of competition, direct negotiation or joint proposition improvement in strategic sourcing/category management</li> <li>• Effective and transparent tendering and evaluation processes</li> <li>• The types of approaches that can be pursued in commercial negotiations such as: <ul style="list-style-type: none"> <li>- Collaborative (win/win)</li> <li>- Distributive (win/lose)</li> <li>- Pragmatic</li> <li>- Principled styles of negotiation</li> </ul> </li> <li>• The stages of a commercial negotiation including, planning and preparation, opening, testing, proposing, bargaining and agreeing</li> </ul>

<p style="text-align: center;"><b><u>Capabilities</u></b></p> <p style="text-align: center;"><b>Will be able to:</b></p>	<p style="text-align: center;"><b><u>Knowledge</u></b></p> <p style="text-align: center;"><b>Will know and understand:</b></p>
<ul style="list-style-type: none"> <li>• Negotiate with suppliers to promote effective procurement in the stages of a sourcing process, taking steps to overcome conflict and challenges with suppliers and other stakeholder</li> <li>• Create plans and conduct clearly defined stages for commercial negotiations.</li> <li>• Demonstrate effective behaviours in conducting commercial negotiations that will help generate positive outcomes</li> <li>• Analyse the sources of power in commercial negotiations and promote the organisation's objectives</li> <li>• Demonstrate and encourage best negotiation practice in delivering added value.</li> </ul>	<ul style="list-style-type: none"> <li>• The appropriate use of negotiations when tendering for Public Sector</li> <li>• The sources of power in commercial negotiations</li> <li>• Behavioural aspects of commercial negotiations including effective listening, the use of persuasion methods, the use of tactics and influence</li> <li>• The sources of added value to organisations that can be achieved through effective negotiation by improving elements such as <ul style="list-style-type: none"> <li>- Safety (including safety of the building itself when completed)</li> <li>- Prices or total costs</li> <li>- Timescales</li> <li>- Quality</li> <li>- Innovation</li> <li>- Sustainability</li> <li>- Other sources of added value</li> </ul> </li> <li>• KPI's for the final solution should focus specifically on the safety of the building</li> <li>• How to conduct value engineering procedures to achieve cost savings without undermining safety outcomes</li> </ul>

N.B – Adapted from CIPS Global Standard for Procurement & Supply: Process Pillar, Theme 6 'Sourcing in Procurement & Supply', Segment 6.1 'The Stages of a Sourcing Process', Segment 6.2 'Effective Tendering' Segment 6.6 'Effective Negotiation in Procurement and Supply' and Segment 6.8 'Developing Outsourcing'.

## **RIBA Stage: 5 – Construction**

Offsite manufacturing and onsite Construction in accordance with Construction Programme and resolution of Design Queries from site as they arise.

## **RIBA Stage: 6 – Handover and Close Out**

Handover of building and conclusion of Building Contract.

### **Procurement Activities - Contract Performance Monitoring and Management:**

Continuous review of strategic Contractors and key contractors. Driving value, integration, efficiencies and cost management, profitability, environmental and safety regulations and added value. Periodic reviews of contract performance against Key Performance Indicators (KPI's) set out in the contract including discussions on how the relationship is working and resolving any conflicts. Review of ongoing safety and environmental requirements and legislation including fire safety. Create the right relationship and environment with suppliers to discuss continuous improvement, new developments and options for efficiencies and increased value add.

Maintain the golden thread throughout contract implementation by keeping key procurement individuals involved or carry out comprehensive handover.

Whole life costing, change management, risk mitigation, safety and environmental reviews to include end of life costs which should consider decommissioning, removal or disposal processes.

Early involvement and selection of suppliers responsible for ongoing building maintenance and management.

Capture all relevant procurement documentation in the building's digital record.

*(Ref. CIPS Procurement Cycle Stage 10 – 'Logistics & Operations', Stage 11 – 'Contract Performance', Stage 12 – 'SRM & SC Management', and Stage 13 – 'Asset Management')*

<b><u>Capabilities</u></b> <b>Will be able to:</b>	<b><u>Knowledge</u></b> <b>Will know and understand:</b>
<ul style="list-style-type: none"><li>• Investigate procurement and supply chain issues through application and analysis of data to create appropriate recommendations for both principal contractor and contractors. Achieve sustainability of purchased goods and services promoting safety and sustainability throughout the supply chains.</li><li>• Track milestones and activities including payments to suppliers Contractors and Contractors and cash flow. Liaise with Contractors and contractors and other stakeholders to ensure timely delivery of</li></ul>	<ul style="list-style-type: none"><li>• Specifying data to support, problem diagnosis and decision making. Business case development and cost/ benefit analysis. The use of statistical analysis to examine issues affecting the performance of the supply chain</li><li>• Deming's 'Plan, Do, Check, Action' (PDCA) cycle and approaches to quality management</li><li>• Project identification and improvement strategies for the supply chain</li><li>• Implementing metrics to measure the</li></ul>



<p>goods and services.</p> <ul style="list-style-type: none"> <li>• Evaluate metrics and KPI's that can be applied to measure performance and develop improvement plans with suppliers and stakeholders. E.g. building sustainability, safety, cost, payments.</li> <li>• Identify targets for the scheduling of deliveries of goods and services taking into account stakeholder and supplier feedback.</li> <li>• Assess Contractor competence in procurement to ensure safety outcomes in construction</li> <li>• Carry out lessons learned review to evaluate problems experienced in procurement and supply chain management and apply statistical methods for the development and implementation of improvement plans</li> </ul>	<p>performance of the supply chain</p> <ul style="list-style-type: none"> <li>• Root cause analysis and the use of six sigma tools.</li> <li>• Methodologies for the development of supply chains such as: <ul style="list-style-type: none"> <li>- European Foundation for Quality Management (EFQM )</li> <li>- Supply Chain Relationships in Action (SCRIA)</li> <li>- Quality Assurance protocol</li> <li>- Balanced scorecard</li> </ul> </li> <li>• When to include the Facilities and Building Management suppliers in the construction and handover stages</li> </ul>
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N.B – Adapted from CIPS Global Standard for Procurement & Supply: Performance Pillar, Theme 7 'Delivering Outcomes in Procurement & Supply, Segment 7.8 'Applying Improvement Methodologies for the Supply Chain'.

## RIBA Stage: 7 – In Use

Undertake In Use services in accordance with Schedule of Services.

### **Procurement Activities – Facilities Management & Maintenance: Supplier Performance Review:**

Principal contractor and where applicable key contractor contract reviews. Review of KPI's and conflict resolution.

Review of ongoing safety and environmental requirements and legislation.

Maintain the golden thread by keeping key procurement individuals involved or carry out comprehensive handover.

Capture all relevant procurement documentation in the building's digital record.

(Ref. CIPS Procurement Cycle Stage 11 – 'Contract Performance Review')

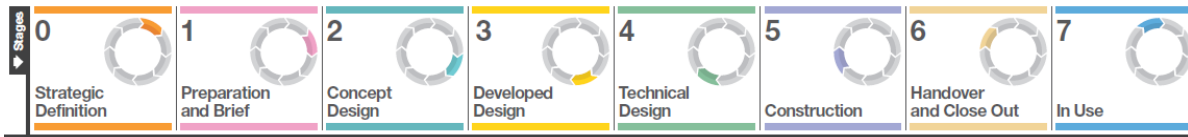
**NB. For substantial changes to building integrity or any major refurbishments, the procurement activities must be repeated from RIBA Stage 1 onwards.**

<u>Capabilities</u> Will be able to:	<u>Knowledge</u> Will know and understand:
<ul style="list-style-type: none"><li>• Ensure supplier relationship management processes are pro-actively executed to improve performance and service levels of Contractors and Contractors</li><li>• Analyse whole life costs of purchased goods and services with remedial actions taken to reduce or avoid ongoing costs.</li><li>• Ensure ongoing compliance to current and new legislations particularly in regard to safety, risk and sustainability</li><li>• Conduct activities to close out contracts and evaluate learning from experience.</li><li>• Ensure Facilities Management contracts are in place and operating effectively</li></ul>	<ul style="list-style-type: none"><li>• Promote innovation in the supply chain by using tools and techniques such as:<ul style="list-style-type: none"><li>- Cross functional working</li><li>- Simultaneous engineering</li><li>- Early supplier involvement</li><li>- Supplier forums and associations</li></ul></li><li>• The use of technology to communicate data in supply chains</li><li>• The use of KPIs that measure the performance of the procurement and supply chain function</li><li>• The use of approaches for supplier development such as:<ul style="list-style-type: none"><li>- Knowledge and technology transfer</li><li>- Collaborative product/service development</li><li>- Continuous improvement reviews</li><li>- Supplier capability assessments</li></ul></li><li>• How to review and monitor performance of suppliers using key performance indicators</li></ul>

N.B – Adapted from CIPS Global Standard for Procurement & Supply: Performance Pillar, Theme 7 'Delivering Outcomes in Procurement & Supply, Segment 8.7 'Developing Metrics for the Supply Chain'.

## Reference Materials

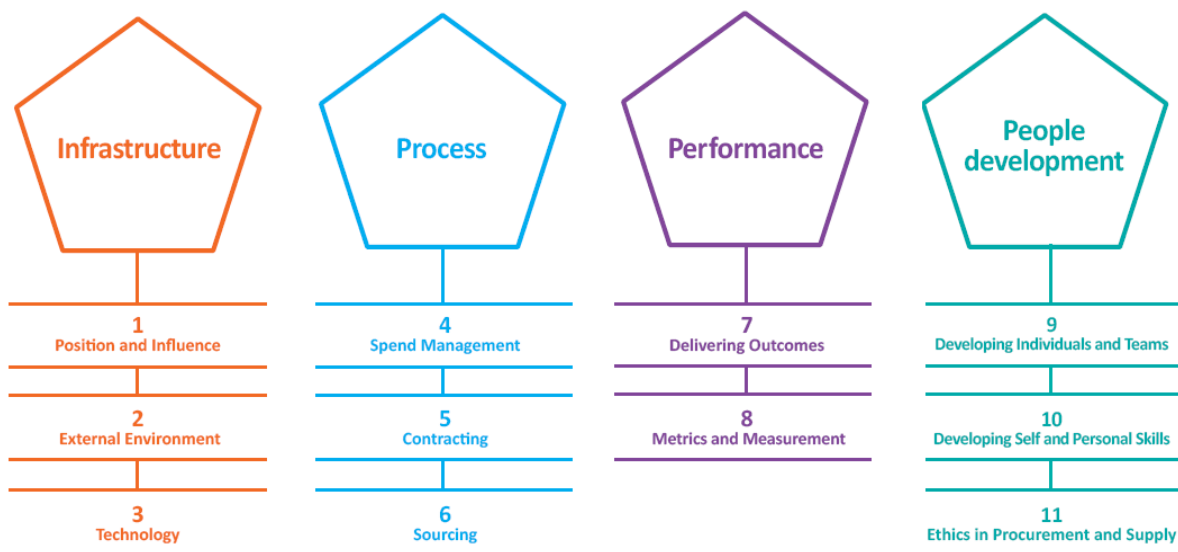
### RIBA Plan of Work:



### CIPS Procurement and Supply Cycle:



### CIPS Global Standard Structure:



## **Glossary**

### **Building Information Modelling (BIM)**

A process for creating and managing information on a construction project across the project lifecycle

### **Category**

The term category is used to define an area of organisational spend where the discrete groups of products and services can be segmented according to their function and usage. There are normally macro categories of spend (e.g. Facilities Management) and sub categories (e.g. Maintenance, Cleaning Services)

### **Category strategies**

For a specific category of spend, a long term document that identifies strategies and plans to maximise value, reduce risk and effectively manage the supply of goods and/or services, fully aligned to internal and external customer requirements.

### **Client**

Anyone who has construction work carried out for them. The main duty for clients is to make sure their project is suitably managed, ensuring the health and safety of all who might be affected by the work, including members of the public.

### **Contractor**

An individual or business in charge of carrying out construction work (eg building, altering, maintaining or demolishing). Anyone who manages this work or directly employs or engages construction workers is a contractor. Their main duty is to plan, manage and monitor the work under their control in a way that ensures the health and safety of anyone it might affect (including members of the public). Contractors work under the control of the principal contractor on projects with more than one contractor.

### **Contract management**

Contract management is the process of systematically and efficiently managing contracts with suppliers to make sure all the terms of the contract are met, maximising operational and financial performance and minimising risk.

### **Designer**

An organisation or individual whose work involves preparing or modifying designs, drawings, specifications, bills of quantity or design calculations. Designers can be architects, consulting engineers and quantity surveyors, or anyone who specifies and alters designs as part of their work. They can also include tradespeople if they carry out design work. The designer's main duty is to eliminate, reduce or control foreseeable risks that may arise during construction work, or in the use and maintenance of the building once built. Designers work under the control of a principal designer on projects with more than one contractor.

### **European Foundation for Quality Management (EFQM)**

The EFQM Excellence Model was introduced at the beginning of 1992 as the framework for assessing applications for The European Quality Award. It is a widely used organisational framework in Europe and has become the basis for a series of national and regional Quality Awards. The EFQM model is used as a management system that encourages the discipline of organisational self-assessment.

### **Principal Contractor**

A contractor appointed by the client to manage the construction phase on projects with more than one contractor. The principal contractor's main duty is to plan, manage, monitor and coordinate health and safety during this phase, when all construction work takes place.

**Principal Designer**

A designer appointed by the client to control the pre-construction phase on projects with more than one contractor. The principal designer's main duty is to plan, manage, monitor and coordinate health and safety during this phase, when most design work is carried out.

**Request for information (RFI)**

A document used to gather information about suppliers and their capabilities prior to a formal procurement process

**Sourcing plans**

Are developed once the strategic sourcing strategy has been agreed. They should offer innovative and creative solutions to the organisation's requirements in support of the organisation's mission and objectives.

**Sourcing strategy**

Is a process not an isolated decision that will aim to continuously balance internal and external activities services and knowhow, to align business strategy, business process and product requirements and balance the results that must be achieved with future available options.

**Strategic sourcing or category management process**

Strategic sourcing is a fact based and systematic approach that organisations use to optimise the management of their supply chains. The approach should focus on improving the overall value proposition for the organisation.

**Supply Chain Relationships in Action (SCRIA)**

One of a series of tools that are designed to improve joint performance and relationships with suppliers, ensuring that the right people with the right behaviours and attitudes are in place to provide appropriate structures to ultimately improve supplier relationships.

**Supplier relationship management (SRM)**

A comprehensive approach to managing and capturing the post contract value from key business relationships. SRM encourages both parties to adopt a more collaborative approach and develop a closer relationship, generating more value from the relationship in terms of innovation and efficiency.

**Total cost of ownership (TCO)**

A structured approach to calculating the full costs associated with buying and using an asset or acquisition over its entire life cycle. TCO typically breaks down costs into the following categories: purchase price; acquisition costs which relate to bringing the product, service or capital equipment to the customer's location; usage costs which refer to converting the purchase into the finished product and supporting it through its usable life; end-of-life costs defined as the costs arising when a product, service, or capital equipment reaches the end of its usable life, including obsolescence, disposal, cleanup, and project termination costs.

**Worker**

An individual who actually carries out the work involved in building, altering, maintaining or demolishing buildings or structures. Workers include: plumbers, electricians, scaffolders, painters, decorators, steel erectors and labourers, as well as supervisors like foremen and chargehands. Their duties include cooperating with their employer and other dutyholders, reporting anything they see that might endanger the health and safety of themselves or others. Workers must be consulted on matters affecting their health, safety and welfare.

## **Responses**

Responses are requested from any interested party and should be received by:

**18 October 2019**

Responses should be sent to [lauren.williams@cips.org](mailto:lauren.williams@cips.org)



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