The contractors’ perspective: how to make things better

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A few opening remarks

- This offers a perspective based on ICF’s work for CECAN’s funding departments and others across Whitehall and beyond (Defra, FSA, BEIS, DfE, MCHLG, MMO, CITB, DIT, …..)

- We evaluate strategies, policies, programmes and legislation on topics ranging from plant health to homelessness, 5G broadband to school meals, food safety to low carbon finance

- We try to build the best teams from across the evaluation community to address each challenge – though we are a large firm (with 90+ evaluators), most of what we do is in done in partnership with others

- The thoughts that follow try to set ‘complexity commissioning’ challenge in its broader context
A four step plan for ‘making things better’

1: Good practice in commissioning: visibility, efficiency, …

2: Consider new risk sharing models for innovative approaches

3: Look at how to increase agility and adaptability of evaluation contracts

4: Build community (commissioner/provider) capability in the new methods
Step 1: Promote consistent application of good practice commissioning

- Good practice commissioning will increase participation & tender quality

For example:
- Provide **visibility** of the procurement pipeline and opportunities for prior supplier engagement
- **Manage the procurement pipeline** to avoid multiple simultaneous tenders
- **Publish any scoping report as early as possible** so that others have an opportunity to catch up with the scoping phase ‘incumbent’
- **Provide a budget** - so that contractors can calibrate to what’s available and don’t design a Rolls Royce when the budget will fund a Renault
- **Verify that the budget matches the ambition** – lack of fit between the scope of work and the budget is a common reason for tenders not being pursued, if uncertain then provide for flex in the eligible responses
- **Increase consistency of standard requirements** (CVs, delivery, quality, section length, font,....) so as to allow more of the available tender resources to be invested in method development rather than re-formatting
- **Avoid over-specification of input requirements** - participation will not be enhanced by a requirement for the project manager to have ‘10 years of experience in applying process tracing with Bayesian updating to local fuel poverty programmes in the West Midlands’
Step 2: Consider new risk sharing models for innovative approaches and where there is significant uncertainty / complexity

- The combination of a fixed price, fixed method model with uncertainty about complexity and cost means the contractor will be thinking hard about the financial and reputational risk.

- The perceived balance of risks of offering innovation and more ambitious approaches to tackling complexity may discourage anything beyond business as usual.
  - Uncertain upside for the provider:
    - Provider will have less experience in pricing innovative approaches and applications.
    - There may be uncertainty about the client’s level of comfort with innovative approaches.
    - The tender scoring regime may not (sufficiently) ‘reward’ innovation or the ‘enhanced’ approach that tackles complexity.
  - Clarity on the downside risks:
    - If the application proves more difficult than they hoped, they will be expected to battle through regardless.
    - ‘failure’ = choice between contractual non-performance or much higher inputs to secure some sort of result.
    - Multi-year contracting model means the pain could be extended over a prolonged period.
Step 2: Consider new risk sharing models for innovative approaches and where there is significant uncertainty / complexity

Contractual mechanisms

- **Separate design from delivery** and use the design phase to get a better grip on risks and challenges
  - Provides space for creativity that is hard to achieve in contracting of the main tender
  - Need to avoid creating an ‘incumbent advantage’ for the second stage
  - More time-consuming
  - Less practical for smaller programmes (?)
  - Does not address the need for flexibility to address issues that arise during delivery and ‘in flight adjustments’

- **Decision gateways** that allow for a ‘no penalty’ stock-take on the approach
Step 2: Consider new risk sharing models for innovative approaches and where there is significant uncertainty / complexity

Financial mechanisms

- **Financial risk sharing**
  - Enhanced budgets for value-added options and innovations to overcome tender-stage reticence
  - Contingency budgets that are released under specified conditions to support methodological adjustments

- **Innovation finance: Could ‘CECAN demonstration grants’, bundled with departmental evaluation contracts, be part of the solution?**
  - CECAN demonstration grants would be grants that supplement the core evaluation budget and fund the additional costs of going the extra mile in tackling complexity
  - In the tender the provider would be given the option of offering a costed specification of an “enhanced methodology” designed to tackle the relevant complexity, if a CECAN grant was allocated.
  - These could create demonstration projects, integrated into mainstream evaluation activity, that encourage commissioners and providers to go beyond what the programme alone itself might be willing/able to invest in
  - There would be an obligation to disseminate the results
  - An annual CECAN Award could be used to recognise that the most interesting/innovation/successful demonstration
Step 3: Find better ways to build agility and adaptability into evaluation contracting

- **Context**
  - There is greater use of evaluation contracts that start early in the implementation period and run for 2, 3 or more years
  - At the same time there is increased emphasis on agile and adaptive approaches to policy-making, and near ‘real time’ feedback into policy development
  - New types of data are becoming available
  - And we are looking at doing this in a complex systems environment
  - So there is a wider pressure for more agile models and ways of working and contracting

- **Challenges that are relevant to today’s agenda include:**
  - How to accommodate change when methods don’t work as anticipated
  - How to maintain fit of the evaluation to policy-makers’ requirements when the programme, context and/or evidence needs change.
Step 3: Find better ways to build agility and adaptability into evaluation contracting

- Can we find new ways to provide flexibility to adapt to learning and events within the evaluation contract whilst retaining provider accountability for performance?
  - Requires decision gateways and more thinking about performance management terms

- If we meet in two years’ time will we be talking about ‘Sprints’ not Phases? [and capped time and materials models rather than pure fixed price]

- Helen’s presentation has more on this theme and potential remedies
Step 4: Build community capability

- **There’s more to do to build:**
  - Our collective understanding of what appropriate approach in what context and with what level of effort
  - Commissioner [technical/procurement] capacity to specify and manage evaluation in the context of complexity
  - Supply side capacity to design and implement the new approaches

- **Potential elements**
  - Supplier/provider joint events and training, including stories of practical applications of new approaches
  - Receipt of a CECAN demonstration grant would require the provider to deliver a webinar on process and lessons learnt at the end
  - Add a requirement for a ‘methodological lessons learnt’ final report annex to all evaluation specifications, ‘complex’ or not
In summary

- **We can ‘make things better’ by**
  - doing more to mainstream best practices in evaluation commissioning
  - de-risking investment in approaches that tackle complexity
  - Increasing flexibility and agility, without compromising accountability

- **Let’s build capability, and do it together**
Let’s get started.