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The contractors' perspective: how to make things better

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29 April 2019

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'



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.

