

Cost Led Procurement – Frequently Asked Question

Are there any potential problems with EU compliance?

Cost Led Procurement (CLP) can be implemented through any new EU procurement process or through retrofitting to existing frameworks, alliances and long-term contracts (provided existing arrangements accommodate retrofitting). It is important to ensure that Cost Led Procurement of a single project or a programme of work is compliant with EU Procurement Regulations and this can be established pursuant to any EU procurement procedure (Open, Restricted, Negotiated or Competitive Dialogue). It is recommended that the contracting party research relevant aspects appropriately.

What form of contract is advisable with CLP?

In respect of contract a simple approach is recommended but in fact any public sector contract can be used.

Are there any standard forms of contract not recommended for use with CLP?

A client procuring an individual project, framework, alliance or long-term contract will make its own decisions as to how roles and responsibilities for design and construction are best allocated between its in-house team and its consultants, contractor and Tier 2/3 subcontractors and suppliers. However it should be noted that CLP is defined in terms of ultimate single point responsibility where design and construction responsibility are with the same party.

6.4 Does CLP save time in the procurement process?

The [Trial Projects](#) have provided evidence of the time and cost saved in the procurement process by using CLP primarily because clients can set a realistic shorter procurement process for the contractor as there is no requirement to arrive at a lump sum price for the entire project prior to contractor selection.

6.5 Does CLP save time in the delivery process?

Early contractor involvement and better risk management results in better understood and managed aspects of the project giving more certainty in respect of programme delivery.

6.6 How does CLP affect design quality and standards?

CLP in itself should have no adverse effect on design and standards and the client should use facilities like clear output specifications and independent certifiers to vouchsafe that what was originally asked for is being delivered.

6.7 How does this model work with employing consultant?

CLP can be traditional or D&B (design and build) and as such Consultants may have to decide whether they work for the Client or the Contractor. There should be no situation where the consultant works for both.

6.8 How do we select a supplier who will genuinely collaborate?

This is an essential feature of all three methods of procurement and selection of Tier 1 and Tier 2 suppliers must be done with a suitable test of establishing the organisations ability, willingness and understanding of true collaboration especially on cost. The aim is to get all parties attacking the cost, improving value, developing Trust and eradicating traditional opportunism on cost.

6.9 How do we overcome local political reluctance?

This is difficult and whether it's Health, Local Authority, Education, Defence, or whatever there will always be opposition to something new. The point is that single stage lowest cost tendering has had plenty of opportunity to demonstrate reducing cost and increasing value and has failed. Details from trial projects have shown clearly that all three methods of procurement deliver better value and reduced cost against challenge targets. The single claim from anti lobby is that it is on an open book cost reimbursable basis and therefore open to abuse is not supported.