Before Drafting your Specification

The specification is the most vital part of the contract. The basic principle to be followed is that “if it is not specified, it can’t be enforced”. Once the contract has been awarded rectification of mistakes or clarification of ambiguous statements may be costly. Before drafting a specification the Contract Officer will therefore need to examine the existing level of service/supply and decide on future level, ie the same, improved, etc.

Things to consider:

- understand the market
- what is currently being done?
- what are the methods used to do it?
- what are the levels of satisfaction currently achieved?
- what problems have been encountered?
- is there any good practice elsewhere, such as codes of practice, professional standards or other precedents?
- consider possible changes or improvements in the market
- look at alternative methods
- what innovation has taken place
- what other contracts are in place i.e. framework contracts

Determine who should be involved in drafting the specification.

- Have the client/end user been involved? Do they need to be (normally they do) and at what stage?
- Is specialist technical or additional support in preparing and letting the contract needed? Are these people available to help within the timescale?
- Does the budget holder need an input into the specification if costs are an issue?
- How much support is needed from the Legal and Finance Department, and are there any legal/finance issues that affect the timescale that need resolving?
- Is there a need to carry out any market research or consult any of the providers?

Measure and quantify the work to be done or goods supplied.

Look at every possible aspect and then identify:

- what **must** be done/supplied?
- what **should** be done/supplied?
- what **could** be done/supplied?

One way of specifying the requirement is to have them categorised as “mandatory” or “desirable”.

Decide on frequencies/timing of service.

- how many times is the service to be done/supplied?
- are there specific times when it is done/supplied?

Identify and define standards and monitoring arrangements, especially in relation to quality.
- what standards and monitoring will promote your objectives
- take into account any constraints, eg legislation
Approach to Specifications

There is no set way of drafting the specification as it will depend on what is being purchased. A specification will normally have a mix of methods.

Input

This defines every activity, standard, labour, capital and materials, together with the method of delivery.

<table>
<thead>
<tr>
<th>Advantage</th>
<th>Disadvantage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very specific</td>
<td>May not allow for improvements to service or equipment or changing needs</td>
</tr>
<tr>
<td>Easy to evaluate</td>
<td>The contractor has no flexibility to innovate and improve services or methods used</td>
</tr>
<tr>
<td>Cost easily fixed</td>
<td>If it is not specified precisely, there is little scope to argue for inclusion of unspecified or insufficiently specified needs</td>
</tr>
<tr>
<td>You know what you will get and how it will be delivered</td>
<td>May not produce evidence that the contractor can respond to Council needs.</td>
</tr>
<tr>
<td>Easier to define, therefore gives fewer risks provided the description is clear and comprehensive.</td>
<td></td>
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</tbody>
</table>

Output/Outcome

This concentrates on the actual product/service that is produced, ie the end result, the standards, the time for achievement and the intended effect.

<table>
<thead>
<tr>
<th>Advantage</th>
<th>Disadvantage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gives the contractor more freedom, which could lead to technological improvements, service improvements and price reductions</td>
<td>Hard to determine what is the best method at the best price at any time</td>
</tr>
<tr>
<td>Allows contractors to introduce new working methods</td>
<td>Success depends on the ability to specify the outcome clearly</td>
</tr>
<tr>
<td>You can state what should be delivered in terms of product or service without stating how it should be done</td>
<td>No control over methods of delivery</td>
</tr>
<tr>
<td></td>
<td>May be hard to compare offers</td>
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<td></td>
<td>May be hard to enforce and pin down that under-performance is occurring</td>
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A simple example of an input and output approach is:

- input specification – the station platform shall be swept clean of rubbish every 3 hours
- output specification – the station platform shall be kept in clean condition.

Method Statements

The use of Output Specifications makes it imperative that tenderers provide written details of how they would organise and develop the services. These written details form the method statement and contractors provide them in order to demonstrate how they will meet the output specification. They are an important consideration in tender evaluation as they may demonstrate the level of understanding and knowledge the contractor has of the tasks required by the specification.
Method statements should always be linked to the Contract Conditions.

Method statements supplied by the contractor in response to the specification can define for example:

- their method of working
- how they intend to deliver the contract and in what timescale
- how the programme will be resourced
- their definition of quality
- how they measure quality
- company policies, eg environmental, energy efficiency or health and safety
- proposed sub-contractors
- transitional/start-up arrangements
- training
- proposals for continuous improvement.

When the Method Statements are evaluated they provide information about:

- the contractor’s ability to provide the service
- the contractor’s understanding of the service
- the contractor’s awareness of the authority's requirements
- how innovative the contractor will be about service provision
- how organised the contractor is.

**Specification Detail**

In deciding how detailed the specification should be, take account of:

- the cost of the specification – the more exacting the specification, the more it will cost.
- the ability to monitor – the Executive may not be able to monitor a highly detailed specification (and again, the cost of monitoring will be a significant factor).
- the complexity of the specification – the more detailed the specification, the less easy it may be to understand
- any deterrent effect on competition.

When preparing the specification, ask:

- Have all the “musts” been covered?
- Are timescales clearly set out
- Is it complete? Are all the significant aspects of the service covered?
- Is it capable of being monitored?
- Is it clear, concise and unambiguous?
- Is it contradictory?
- Is it as simple as possible?
- Does it focus on all the significant matters?
- Are all relevant, appropriate and permissible standards cited (eg no brand names or only UK standards)?

The detail and complexity of specifications and contract conditions should be commensurate with the value, complexity and risks entailed in the purchase.
Drafting your Specification

The specification must state clearly the scope of the service to be covered, be consistent and properly linked with the other parts of the Invitation to Tender and might be structured along the following lines:

Introduction and Context

- include background information (if not included in Section 1 of the Invitation to Tender)
- give a brief general description of the service/goods/works
- corporate policies (if relevant)
- service policies and objectives (if relevant – be careful not to use these as the specification since it is your job to ensure corporate/service policies and objectives are met through the letting of the contract)
- give a brief description of the client and/or end users.

Core Service

This section must set out:

- A detailed description of each element of the service/goods including, for example:
  - what tasks must be carried out and how
  - whether the service/goods/works are for a specific purpose
  - whether the product must be a specific size, shape or colour
  - a description of what you want achieved, asking the tenderer to suggest how they would provide it.

- Timetable
  - how frequently it is going to be done
  - is the time critical – must it be done at 3.00pm every day? How critical are timing issues?
  - is once a week OK, the contractor determining when in the week?
  - is there a rota?
  - must the contract be completed in three weeks, months, etc?

- Working methods and codes of practice
  - are there any internal codes of practice that need to be followed?
  - are there standards across the industry nationally?
  - must the contractor state what their working methods are?

- Quality and performance standards
  - are there any national quality standards/qualifications that should apply as a minimum?
  - should details of how the contractor manages/trains their staff be included?
- is there a minimum frequency/level of satisfaction/level of performance that needs to be met?
- is there a process for testing/inspection prior to acceptance?

- Performance targets
  - are there any incentives for the contractor to do well/better?

- Interface with other contracts and contractors
  - how does this contract relate to any other contracts you may have?
  - what communication between the contractors should there be?

- Record keeping and data storage
  - what accounts need to be kept?
  - do they have to keep confidential records?
  - what information do you want fed back to you?
  - how should complaints/suggestions be monitored?

Should payment be dealt with in the Specification or cross-referred to, eg in the Contract Conditions?

- Reporting Requirements
  This is where you can specify how you want to monitor the contract and how you want to receive information:

  - Benchmarking – should the contractor provide benchmarking data and by reference to what comparators?
  - Inspection – do you wish to carry these out or do you require the contractor to? Are the inspections ad hoc, daily, weekly, monthly, quarterly, annually, etc?
  - Service meetings – do you want to meet with contractor during the course of the contract to monitor and review it? How often is appropriate?
  - Reports – what information do you want in report form and how often?
  - Audit – what information should be kept for audit requirements and for how long?

- Review of Procedures/Changes

  - are you likely to require any changes to the specification once the contract is in place?
  - how will you deal with these?
  - are they to be fully costed and authorised?
  - who should authorise them?

- Payment Methods
  - Payment milestones
  - Retentions
  - Invoicing
Definition of Terms

Definitions of terms are usually set out in the contract. You should be aware of what they are if you use them in your specification. They normally begin with a capital letter (eg "Contract Period") and are useful if you need to refer to something repeatedly as it saves writing out the definition every time you use it. However, when you use them in your document you should ensure that they are consistent.

Appendices for Additional Information or Schedules

You may wish to include additional information in your specification for use in the contract, such as the format for the invoice or report or a more detailed description of tasks to be carried out. These may be drawn up as individual appendices or schedules and clearly labelled.

Relation to Contract Conditions

There must be a fluid relationship with the Contract Conditions. Some matters may be dealt with in either place but should be dealt with in one place only and cross referred to other aspects as appropriate.

In all cases they:

- must be consistent
- should not overlap confusingly
- should not contain any gaps or dead ends – an award criterion which is not tested by the specification or evaluation material is no use.

Linking your Award Criteria

Ensure that all award criteria are linked to the specification, any questionnaire and pricing schedules. Your evaluation model must be derived from your award criteria.

If EU tendering processes apply, remember to check that any criteria listed in the OJEU is duplicated in the Invitation to Tender.

Failure to do this will result in problems at the evaluation stage and possible challenges from the tenderer if they have been unable to satisfy criteria that are not clearly set out.

Linking your Pricing Schedules to your Specification

You will need to establish how you wish bids to be priced.

Is a lump sum required (in which case, a Form of Tender is sufficient), or do you want to know what certain individual elements of the specification cost (in which case pricing schedules are more appropriate as these may set out unit costs)?

If you haven't specified individual elements or have not clearly set out the pricing schedules, then it will be difficult for the tenderers to submit easily comparable bids.

Don't forget to make provision for any discount options the tenderer may be able to offer.