

Guidance and best practice for managing risk in selecting an archaeological supplier

Purpose

The aim of this document is to foster an intelligent approach to the purchase of archaeological services as part of the development process.

The procurement of archaeological services is frequently left until late in the planning of a development programme, and selection of a supplier is determined solely by lowest cost. Such an approach is not a reliable method for ensuring cost-effectiveness or for minimising risk to a scheme.

This guidance is intended to establish parity with the approach that clients would employ to purchase other professional input for their design team, and for implementation of the designed scheme.



Archaeology and development

Archaeological site investigation is often difficult to quantify and is in some cases subject to contingencies due to the uncertain nature of buried remains. There is no Standard Method of Measurement for Building Works or other Bill of Quantities that has been established for archaeology, and estimating cost is often subject to uncertainty. It is therefore a profession that clients and their advisors (architects, quantity surveyors, project managers, etc) may not fully understand, and for which they cannot easily compare cost and quality to assess good value.

Inclusion within the design team and appreciation of the aims of the project, however, will allow archaeologists to propose innovative solutions to help the success of the scheme, including assisting in the attainment of "design freeze". (The application of BIM might assist in "clash detection", e.g. where ground-engineering design work is required to cater for built and/or buried heritage assets).

The following points include a range of important factors that an intelligent purchaser should consider when deciding who to select as their supplier. From this a suite of criteria can be drawn up for evaluating tenders dependent on the priorities of the developer/client/purchaser.

Risk awareness in procurement of archaeological services

Selection of the most appropriate supplier should include analysis of how criteria can be applied to the selection process to minimise risk to the client and delivery of their development programme; otherwise they could find that insufficient or inadequate information gathering at predetermination stage, leads to increased risk to the construction programme and/ or budget preparation for the proposed development for the subsequent phases of a project, including costly aborted design work.

Whatever the project, a key aspect of planning and managing risk is early contractor involvement (ECI) which, in itself, fits naturally with a collaborative approach to procurement. Having a continuum in terms of client/contractor arrangement throughout a project is regarded as beneficial to the management of the project and the quality of the archaeological work undertaken.

Financial liability ¹

 Archaeological costs can escalate during the programme because of contingencies and unforeseen variations e.g. compensation events associated with additional works and resultant delays to the programme; problems can also arise where tenders for archaeological work have not been evaluated properly, e.g. the application of gap analysis



- If the archaeological programme has been miscalculated this can then lead to delays to the overall programme which will incur additional cost, often greatly in excess of archaeological cost
- Insurance and financial stability of an archaeological organization may not be adequate for the size of the job
- To ensure discharge of planning condition the full programme of archaeological work extends long after the on-site element has been completed, leading to contractual issues on late invoices, lack of completed archaeological programme for obtaining discharge, and enforcement notices
- Proper financial controls need to be in place at the earliest opportunity to ensure the full programme of work is budgeted for and that expenditure corresponds with the value of work undertaken

Planning and construction programme

Lack of integration between
 Principal Contractor, sub-contractors

and archaeologists can cause misunderstandings, inefficient working and reduce the effectiveness of costsaving measures

- Health and safety can be compromised through lack of understanding and poor communication because the archaeological organization has been appointed as an add-on to the more carefully planned main operation ²
- Lack of planning for adverse weather events and site conditions outside the control of the archaeologists, can severely affect programme delivery due to the nature of archaeological fieldwork and the high staffing/labour-intensive ratio required for delivery

Quality risk

- The archaeological organization may be inadequately resourced with insufficient staff and inappropriate management procedures to ensure delivery of the intended programme of archaeological work
- The added value through PR for the client may be lost if the archaeological organization commissioned lacks the attitude, experience and creativity to successfully engage with external partners or implement measures required by clients in relation to matters such as Corporate Social Responsibility
- Quality of advice received from Local Planning Authority archaeological/ planning officers can effect the outcome of the designed scheme and

programme deadlines

 Early Contractor Involvement
 & continuum of supplier help with integration and delivery of the archaeological programme

Best Practice approach

Comparative models

Public sector procurement already has in place guidance to assist in pre-empting and minimizing potential short-falls in the commissioning of work ³. This includes elements common to private procurement such as valuing environmental impacts, assessing competition impacts, adjusting for risk and optimism bias ⁴. Some key factors identified in this documentation are:

- Repeat need: will procurement be oneoff or will a safe and reliable supplier be required for subsequent phases or new jobs?
- Complexity: is the procurement complex in terms of a technical specification, range of services required or contractual arrangements? ⁵



Value and risk: although procurement might be low cost, it can still result in high risk to the project overall, or to the reputation of the client, so the real value of the work is not simply determined by its cost

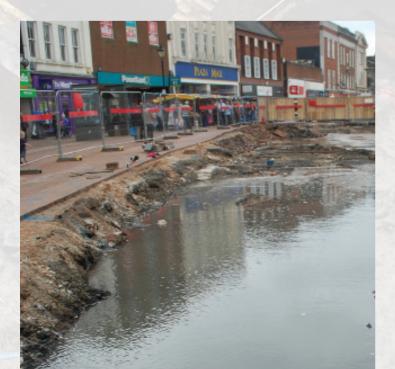
Risk management

Risks are best borne by the party most able to manage them, and most archaeological operators are small businesses where risk management can only be proportionate to the value of each contract.

The majority of risk will inevitably lie with the client as procurer of archaeological services, but transparency in fixed and fluctuating costs will assist all parties in predicting when potential additional resources (time and money) might be required.NEC3 early warning notices could be applicable in some situations.

Risks should be:

- Identified;
- assessed as to the likelihood of each risk occurring;
- evaluated as to the impact if the risk does occur; and





addressed as part of procurement

In addition:

- over the duration of the archaeological programme, an agreed review and reporting framework should be implemented so that risk can be managed; and
- agreed sharing of risk and penalties proportionate to both parties

Procurement management

Most archaeological work is required as part of the planning process. Normally an outline set of objectives is produced by the planning authority (a Brief), which acts as a trigger for the design of a programme of archaeological work. This design is often called a Written Scheme of Investigation (or a Specification or Method Statement) and is often interchangeable with a Scope of Work. There is often reference made to adherence to nationally accepted standards (IfA Standards and Guidance) but none of these documents is sufficiently detailed to establish an accurate costing

for the efficient delivery of archaeological services to any particular scheme.

The resources and approach that individual organizations might choose to take in costing up a programme of archaeological work will determine the cost and ability to meet the project deadlines. Understanding the differences between alternative approaches and how cost tenders have been arrived at, is an important part of sensible selection of the most appropriate supplier.

Procurement can be complex if:

- it is novel to the client;
- it brings risks to the scheme;
- the capabilities and skills required to deliver it are scarce or poorly understood;
- the contract includes unusual or innovative elements; and
- there are conflicting aims by the client or design team (e.g. low-cost v rapid delivery or good PR)

Good management of the procurement process is essential for ensuring successful service delivery during the

operational phase of the project. It is also important that communication and transfer of responsibilities within procuring organizations is managed so that an understanding of the budgetary implications and risks relating to archaeological programmes is viewed holistically, rather than as part of either planning, or construction or operational project phases. Poor decisions in an early phase can have serious detrimental effects on later phases.

A lack of intelligent client capability in procuring archaeological services can lose significant value to the scheme, and as a professional service archaeologists will be able to offer most to a client who engages in dialogue and enters an iterative process. Ultimately the contract should give the supplier real incentives to deliver, for the benefit of the scheme overall.

A checklist for assessing tenders

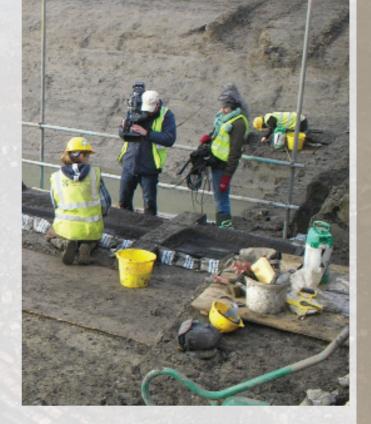
The following are a collection of elements from which a selection criteria should be chosen as appropriate to the scale and complexity of the project.

- Legal form/status of organization (private company, charity, sole trader, etc)
- Financial standing (credit check, turnover figures for last three years, profitability etc)
- Technical capability 6
- Professionally accredited status ⁷
- Quality Assurance procedures
- Approved supplier procedures
- Familiarity with nature of

development, project stages and working methods

- Proven track record for similar types and scale of project for all stages of work
- Track record in successful partnership working
- Internal organization and resources
 (sufficient staff and managers for size
 of project, appropriate equipment
 and software, compatibility with client
 systems)
- Outstanding commitments, availability to meet programme delivery
- Insurance provision and limits of Employers' Liability, PPI and professional indemnity
- Health and Safety provision, management and track record
- Business model: cost structure and appropriate inclusion of sufficient resources for administration, quality control, management, and profit for future investment
- Specialist services (internally provided or externally sourced)
- Community engagement and public relations credentials
- Advantage of local knowledge and provision (e.g. supporting local business)
- National perspective (e.g. need for an organization divorced from local pressures)

The above bullet points do not form an exhaustive list, and particular projects and client priorities will require a mix of the above, and additional criteria as necessary. Use of these criteria, with a scoring system to compare/adjudicate tenders/ fee proposals received from different suppliers, and a tender question and



answer process, would result in a situation more likely to provide a reliable solution to client needs, and a more equitable system for competition between archaeological suppliers.

FAME recommends that clients or their agents adopt an intelligent approach to the procurement of professional services, and by so doing minimise financial and other risks to the project, whilst also maximising opportunities for its PR and value-added potential, and fulfilling their corporate social responsibility. By adopting these measures





FAME seeks to ensure that:

- A sustainable supply chain can be maintained
- Value and efficiency can be improved as part of partnership working
- Trust and transparency is engendered between all partners
- Exceptional service will be delivered

Sustainable success depends on partnership working and the supply chain. Quality clients will value working together with their suppliers, and finding the right archaeological organization for the project will provide better value and efficiency, deliver an exceptional service for the benefit of customers and communities, and improve business for both the client and the archaeological supplier.



REFERENCE DOCUMENTS & NOTES

- Refer to the pages on Risk from the CIOB's "Code of Estimating Practice" 2009
- Compliance with CDM regulations requires integration of archaeological work as part of the construction programme at both design and construction phases
- The Green Book: Appraisal and Evaluation in
 Central Government 2003 HM Treasury (and its
 supplementary guidance); Managing Public Money
 Oct 2007 HM Treasury; An Introduction to Public
 Procurement 2008 Office of Government Commerce
- Performing adjustments for tenderer's tendency to be overly optimistic about the predicted costs, benefits and works duration of projects.
- See CIOB's "Managing the Risk of Delayed Completion in the 21st Century" [2008], "Guide to Good Practice in the Management of Time in Complex Projects" [2011] & "Contract for Complex Projects" [CPP 2013]
- In England NPPF 128 refers to "appropriate expertise", Scottish PAN2/2011 refers to a 'professionally competent archaeological organisation or consultant, whose work should meet the Institute for Archaeologists (IfA) quality standards', and NI PPS6 refers to a 'qualified archaeologist'
- Institute for Archaeologists Registered Organization; membership of professional organizations e.g. MlfA
- 8 Industrial Strategy: Progress Report April 2014, pp.14-15

What is FAME?

As a profession, archaeology forms part of the UK's knowledge-based and creative industries, which, along with other professional input such as architects, provide services to the development sector as part of design and implementation of many schemes. Thus archaeological provision forms a key element within supply-chain management. It is widely acknowledged that money invested in heritage is beneficial to the country's tourist and visitor economy and archaeology plays a major part in this. The Federation of Archaeological Managers and Employers (FAME) represents around 50 businesses, who jointly employ the majority of the professional practitioners providing archaeological services to commercial clients throughout the UK. Its key objectives are to:

- Foster, advise upon and promote archaeological policy
- Develop standards of best practice
- Ensure effective management of the archaeological resource

- Promote safe and healthy working practices within the profession
- Promote training and professional development to improve standards
- Operate in a transparent and accountable manner
- Ensure that the profession
 maintains pace with innovative
 technologies adopted by the allied
 professions, e.g. Building Information
 Modelling (BIM)
- Encourage and promote interaction, collaboration and knowledge-transfer within the discipline of archaeology, with industry, education and the wider community, focused on an integrated approach to procurement and the "whole life" of a built asset
- Ensure that the archaeological profession keeps in step with the UK Government's vision and overall strategy for industrial efficiency and growth, and in accordance with key initiatives such as the Government "Construction Strategy" (2011) and "Construction 2025" (2013) 8



