

DELIVERY STRATEGY

Key lessons learnt	Early consideration of the delivery strategy is vital at both the Strategic and Final Business Case phases of a project. Procurement decisions regardless of the project need to be made early in the project development process and then regularly reviewed and updated if applicable as they will affect the scope, timeframes and deliverability of the project.
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Introduction

The early development and implementation of a delivery strategy is needed for effective decision making at both the Strategic & Final Business Case phases.

The delivery strategy is a necessary for the development of both the program and cashflow of a project throughout development and delivery.

The delivery strategy will be informed by, and must be compatible with, any project constraints such as committed milestones and available funding profiles.

Each delivery strategy should be project specific and the methodology proposed should suit the individual project's risks and constraints. A one size fits all approach is not always effective.

It is important to understand the timeframes involved in the procurement processes within your organisation and make appropriate allowances for approvals, tendering, tender assessment, review and approval.

▶ A requirement for an investment decision by government is the inclusion of a Delivery Strategy as part of the Final Business Case.

A range of material has been developed by the NSW Government to support the efficient and effective delivery of best practice business case documentation.

Key considerations

It is important to consider the effects of the delivery strategy on the project development and delivery. Decisions made at each phase will establish the pathway for the project and are difficult to change without risking significant time and cost impacts on the project.

▶ The NSW Government Business Case Guidelines outline the steps to follow in developing a delivery strategy. This section should be considered with the nature, size, complexity and risk of the project.

Strategic Business Case (SBC)

The Strategic Business Case is generally prepared at the end of the Strategic investigation phase. By this stage in the project development you would normally have a strategic design/s and estimate.

The key considerations for a Delivery Strategy at this stage are:

- ▶ Understanding the project constraints such as the available funding profiles and any existing commitments on timing and milestones.
- ▶ Understanding the available procurement models including the key steps and timing of each activity and including these in your project program.
- ▶ Understanding the key project risks and consider how they will be best addressed by the proposed procurement model as each model has benefits and challenges.

- ▶ Seek input from the Delivery Phase project managers in your organisation as they will be able to provide current advice on the expected timeframes and processes for the various procurement models.
- ▶ Document the delivery strategy in the Project Management Plan.
- ▶ Select the procurement model that best addresses the above. It is noted that the model may need to be modified as the project further develops. Commitments, funding and risk profiles are all subject to change.

▶ It is important to consider the interdependencies of project delivery with other projects and regulatory requirements, such as:

- The inter-relationship between proposed packages and/or stages of work, including town planning approval pathways.
- Operational and access requirements of the facilities during the work

Final Business Case (FBC)

The Final Business Case is generally prepared at the end of the Early Detailed Design of project development. By this stage in the project cycle you would normally have a preferred concept design and estimate.

The key considerations of the Delivery Strategy at this stage are:

- ▶ Actively deciding whether the detailed design will be completed separately to the construction procurement. Once this decision is taken it may limit some of the future options.
- ▶ If the detailed design is to be included in the procurement model, then a reference design may be needed. The timing and process steps necessary to prepare either the detailed design or a reference design should then be included in the overall delivery strategy.
- ▶ Consider the available options for the procurement model. These may be different within your agency.
- ▶ Consider whether any Early Works packages such as Public Utility relocations, Geotechnical works, Site Access or other enabling works are to be separated from the main procurement. It is noted that early works packages when managed effectively can assist in de-risking and fast tracking high delay risk components of the main procurement
- ▶ Consider the market appetite for the procurement model. Each model transfer risk to the delivery partner in different ways.

- ▶ Consider the scale of the work in each package and whether there are suitable and available delivery partners in the proposed pre-qualification category. Smaller packages can be combined to achieve economies of scale and larger projects can be staged or divided to encourage multiple contractors.

Each delivery strategy should be project specific and the methodology proposed should be suited to the individual project needs. A one size fits all is not always effective.

It is important to understand the timeframes involved in procurement processes within your organisation and make appropriate allowances for approvals, tendering, tender assessment and review and approval.

- ▶ The procurement process should include different mechanisms for approaching the market (e.g. Statement of Participation process, open or selective tenders, program regarding tender release and assessment).

A recommended delivery method should be in line with the NSW Procurement Policy Framework and any significant probity considerations.

Commonly used Delivery Strategies

Construct Only

- ▶ A construction contract where the design is provided by the Principal and the works are undertaken by the delivery partner who provides a tendered price.

Design & Construct

- ▶ A contract where the design and delivery are both undertaken by the delivery partner. The design in this case is usually done by the contractor engaging or partnering with a third-party designer.

Early Tender Involvement/Early Contractor Involvement (ETI / ECI)

- ▶ Early Tenderer Involvement or Early Contractor Involvement is where the potential delivery partner(s) is involved in the development of the scope, timing and contract inclusions during the tender phase.

Alliance

- ▶ Alliances are where a delivery partner(s) is engaged to develop an agreed price or Target Out-Turn Cost (TOC) for an agreed scope of work and then engaged under an Alliance Agreement to deliver the works. The partners are paid for the actual costs, overheads and agreed fees & margins. Alliances are usually incentivised to meet cost, timing and performance outcomes.

Public Private Partnership (PPP)

- ▶ PPP's are long-term contracts between a private consortium and government agency, for providing a public asset or service, where the private party bears significant risk and management responsibility, and remuneration is linked to performance.

It is noted that individual agencies will have variants of these and also other procurement mechanisms available and you should seek advice from the Commercial/Contract specialty area within your agency.

Source material

NSW Procurement: Policy Framework for NSW Government Agencies (2015), NSW ProcurePoint

Gateway Workbook: Gate 2 Business Case (2018), Infrastructure NSW

TPP18-06 NSW Government Business Case Guidelines (2018), NSW Treasury

Support

▶ About the authors:

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Established in 2007, Health Infrastructure oversees the planning, design, procurement and construction of health capital works in NSW. We are a diverse and complex arm of NSW Health, bringing together experts in health planning, architecture, engineering, building, town planning, construction, surveying, assets, communications and change management.