Government of **Western Australia**
Department of **Finance**
Government Procurement

Gateway

Readiness for Market

Workbook

ABOUT THIS WORKBOOK

This workbook supports Gateway review Readiness for Market. It is the third in a series of six reviews a project may undergo. This review investigates the assumptions made in the business case and the proposed approach for delivering the project including procurement procedures.

The checklists in this workbook provide review teams with key areas to explore and suggests evidence to look for. At the same time, they provide the Senior Responsible Officer (SRO) with information on the areas the review team will be exploring, the types of documents it will be reviewing and the evidence expected for a Readiness for Market review.

As each project is unique and circumstances vary this workbook should be used as a guide for appropriate questions and evidence not a full checklist of mandatory items.

This review investigates assumptions previously made.

READINESS FOR MARKET

Once the Gateway review Business Case has been completed the project's steering committee is likely to have decided that the project is feasible and that there is a robust business case.

The next step is to prepare the project to be taken to market. This involves:
- Defining the delivery strategy
- Establishing a procurement approach
- Finalising a plan for the project's implementation.

In addition, any outstanding assumptions from the business case for the project should be re-verified at this stage.

The review Readiness for Market assures the steering committee that the chosen delivery approach matches the proposed business change. Also, it assesses whether the project is ready to invite proposals or tenders from the market. In terms of procurement documentation, the review team will look for details of the sourcing options, proposed procurement route and supporting information.

Where there is a strategic partnering arrangement between a government agency and an existing supplier in place, procurement regulations may still apply. Therefore, a Readiness for Market review is still recommended.

A project will normally go through the Readiness for Market review before any commitments regarding the acquisition process are made to prospective suppliers or delivery partners. However, large procurement projects taking many months may need to go through additional Readiness for Market reviews as appropriate.

The review 'Readiness for Market' takes place before commitments are made.

KEY AREAS OF REVIEW

This review aims to answer the question:

"Is the procurement approach robust and appropriate to deliver the project's requirements?"

It investigates the following areas:

Outcomes and objectives: Are the objectives and outputs of the project still aligned with the program to which it contributes?

Stakeholders: Are key stakeholders committed to the project's success?

Context: Have relevant legislative and policy requirements been incorporated into the procurement process?

Project management: Is there a realistic project plan through to delivery of the project and are there adequate financial and project controls in place?

Risk: Is risk actively being managed?

Resourcing: Will organisational resources and capabilities be available for future phases of the project?

Once the evidence for each of these areas has been considered by the review team, the project is evaluated on its readiness for the next phase and recommendations to this effect are made.

STRUCTURE OF REVIEW

The Gateway review Readiness for Market is broken up into the following sections:

- **Assessment of delivery approach**
- **Business case and stakeholders**
- **Risk management**
- **Review of current phase**
- **Readiness for next phase.**

The following checklists provide review teams with a range of appropriate questions and evidence to look for in each of the above sections. It also provides the SRO and project teams with a guide as to what the review team will be exploring.

As each project is unique and circumstances vary, these questions should be used as a guide rather than a full checklist of mandatory items.

The checklists provide the SRO with a guide as to what will be explored.

1. REVIEW AREA: ASSESSMENT OF DELIVERY APPROACH

Areas to review	Evidence expected
1.1 Have all the relevant options for delivery been investigated and do these consider both the business needs of the organisation and address relevant government priorities?	☐ Examination and assessment of options including the use of internal resources.
1.2 Are the business needs clearly understood by the client organisation and are they likely to be understood by those involved in delivery?	☐ Detailed output/outcome-based definition of requirements. ☐ Specification to include key success factors to show how achievement of outputs/outcomes will be assessed. ☐ Appropriate quality criteria applied to information for the delivery organisation (internal or external).
1.3 Are the project outputs/outcomes accurately reflected in the requirement specification?	☐ An appropriate form of requirement specification is reviewed and endorsed by stakeholders. ☐ Appropriate mechanism to articulate the requirement to potential suppliers (internal or external) and quality assured to ensure that suppliers will understand what is wanted.
1.4 Where appropriate, have options for the procurement route been evaluated including sources of supply?	☐ All appropriate sourcing options examined (e.g. use of internal resources, single or multiple suppliers, opportunites for collaboration, use of existing frameworks). ☐ Comparison with similar projects and analysis, supported by commercial intelligence on market capability. ☐ Reasons for selecting sourcing options documented and justified.
1.5 Will the project be attractive to the market?	☐ Detailed market soundings including an examination of recent similar procurements by others or a commentary on the capacity of the market to deliver and the nature of the project's likely suppliers. ☐ Initial assessment of likely suppliers. ☐ If appropriate, assurance that the agency has adequate expertise and capacity to undertake internal delivery of the requirement. ☐ Analysis of potential variations or innovations.

1.6	**Has the proposed procurement process been evaluated?**	☐	Where legislative directives apply: open and competitive, restricted, negotiated or sole supplier process identified.
		☐	Reasons for following this process understood, risks evaluated (e.g. impact on timescales and bid costs for suppliers), decision justified and documented.
		☐	Legal advice has been sought on any procurement approach, if required.
1.7	**Is the selected delivery strategy defined and endorsed?**	☐	Delivery strategy clearly defined, showing reasons for selection and agreed with stakeholders.
		☐	Government initiatives have been taken into account.
		☐	Business continuity and future exit, handover and transition strategies have been considered at high level.
		☐	Confirmation of development, involvement and endorsement of the delivery strategy by the appropriate individuals.
		☐	Strategy to include, as appropriate: - Description of the key objectives, constraints (e.g. timescale), funding mechanism and risk allocation - How the strategy will be achieved, including sourcing option and contract strategy - Procurement procedure (e.g. negotiated) - Time plan with timetable laid down by procurement rules and time needed for pre-procurement activities, implementation and contingency in the event of unavoidable slippage with milestones - Assessment of marketplace and potential suppliers - The roles, resources and skills needed to manage the delivery strategy - Alignment with plans for implementation.
		☐	Procurement innovation and sustainability issues have been considered.
1.8	**Have the factors that influence the delivery strategy been addressed?**	☐	Documented evidence that key factors influencing the delivery strategy have been taken into account.
		☐	Efficiency and predictability of delivery process have been considered with a process in place for addressing the impact of any deviation from the plan and timetable and plans for two-way communications with stakeholders and suppliers.
1.9	**Will the delivery strategy facilitate communication and co-operation between all parties involved?**	☐	Communication strategy and mechanisms in place.
		☐	The delivery strategy will include: - Early involvement of suppliers to ensure the design is fully informed by the delivery process - Clearly defined performance criteria with KPIs and a system for measuring performance.

1.10	Is there adequate knowledge of existing and potential suppliers? Who are the suppliers most likely to succeed?	☐	Adequate knowledge of existing and potential suppliers has been considered.
		☐	Commercial market intelligence, market sources and potential suppliers.
		☐	Track records from public and private sector considered (public sector's ability as a customer to work in this way; private sector track record in meeting similar or equivalent business needs).
		☐	Indications of the types of suppliers most likely to succeed in delivering the required outcomes.
		☐	Continuity of key personnel.
1.11	Has the contract management strategy been developed?	☐	Contract management strategy takes into account key factors such as the proposed relationship, management of single or multiple suppliers.
1.12	Has the project team complied with the relevant legislative and policy requirements?	☐	Tender document reviewed, shown to be complete.
		☐	Implications of the requirement thoroughly considered (e.g. ensuring take-up of new services by the community), with contingency plans for phasing out current ways of providing the service.
		☐	The scope of tender documentation broad enough to allow for some flexibility now and in the future.
		☐	Tender evaluation criteria and weightings produced in accordance with legislative and policy requirements, reviewed/accepted by the project.
1.13	Is the evaluation strategy (including how to demonstrate value for money) accepted by stakeholders and compliant with procurement legislation and policies?	☐	Evaluation criteria and model(s) approved by stakeholders.
		☐	Key evaluation criteria linked to business objectives and given appropriate weighting.
		☐	Financial and non-financial aspects of the evaluation separated out.
		☐	Evaluation criteria included in information to potential tenderers and priorities in meeting that need, where applicable (e.g. quality of service, innovation).
		☐	Where appropriate, the evaluation includes benchmarking the value for money offered by partnering, internal supplier or framework/call-off arrangement.
		☐	Consideration of contract duration in relation to value for money and whole-life costs.
		☐	Consideration of whether to act on behalf of other public sector organisations in the role of a central purchasing body.

2. REVIEW AREA: BUSINESS CASE AND STAKEHOLDERS

Areas to review		Evidence expected
2.1	**Does the business case continue to demonstrate business need and contribute to the organisation's business strategy?**	☐ Continued confirmation that the project will meet business need (including confirmation that priorities remain unchanged where any external factors might have an effect).
		☐ Confirmation that the objectives and desired outputs of the project are still aligned with the program to which it contributes, if appropriate.
2.2	**Is the preferred way forward still appropriate?**	☐ Continued confirmation of the way forward supported by assessment based on indicative assumptions about factors such as interdependencies with other programs and projects.
2.3	**Is the proposed arrangement likely to achieve whole-life value for money?**	☐ Bases for calculating costs (value requirements) and comparison of delivery approaches (e.g. tenders) agreed with key stakeholders.
		☐ Updated business case on the basis of the full project definition, market assessment and initial benefits plan.
		☐ Delivery strategy reflected in business case.
		☐ Examination of sensitivities and financial implications of handling major risks; assessment of their effect on project return.
		☐ Projects that are not designed to achieve a financial return should include comparisons with similar successful projects to assess the potential to achieve value for money and to set targets.
2.4	**Are the costs within current budgets? Is the project's whole-life funding affordable and supported by the key stakeholders?**	☐ Reconciliation of projected whole-life costs with available budget, reviewed and accepted or approved by key stakeholders.
		☐ Costs are in organisation's forecasted spending plans.
2.5	**Is the organisation still realistic about its ability to achieve a successful outcome?**	☐ Comparison with similar projects (and similar organisations); assessment of past track record in achieving successful change; plans to manage known weaknesses; where applicable, plans for incremental/modular approaches; contingency plans in place.
		☐ If the project traverses organisational boundaries, there are clear governance arrangements to ensure sustainable alignment with the business objectives of all organisations involved.

2.6	Is there a clear definition of the total project scope?	☐	Updated document showing total project scope including business change, where applicable.
2.7	Are the risks and issues relating to business change understood? Is there an initial plan to address these issues?	☐	Risks and issues relating to business change logged, with a management plan and owner for each.
		☐	Account has been taken of relevant impact assessment and appraisal issues such as environmental impacts and sustainability.
2.8	Do stakeholders support the project? Is the organisation still fully committed?	☐	Documented involvement of and endorsement by stakeholders.
2.9	Are the benefits to be delivered by the project understood and agreed with stakeholders? Is there an initial plan for realising and evaluating benefits?	☐	Benefits are clearly stated.
		☐	Initial plan for realising and evaluating delivery of benefits, showing costs offset by improved quality of service and/or savings over the project's expected life.
		☐	Critical success factors for the project are still valid and agreed with stakeholders.
2.10	Is the procurement strategy consistent with the approved business case?	☐	Confirm with the business case.

3. REVIEW AREA: RISK MANAGEMENT

	Areas to review		**Evidence expected**
3.1	Are the major risks and issues identified, understood, financially evaluated and considered in determining the delivery strategy?	☐	Major issues and risks logged and up-to-date, including strategic, political, commercial and legislative issues.
		☐	Each risk assessed financially and included in business case either as sensitivity or a separate risk allocation.
		☐	Assessment of all technical risks documented such as 'buildability' and risks associated with innovation.
3.2	Are there risk management plans?	☐	Project risk management strategy in place, developed in line with best practice.
		☐	Risk management plans for each risk and responsibilities for managing each risk clearly identified and allocated; approved by stakeholders.
		☐	Reporting process in place for upward referral of risks.
		☐	Contingency and/or business continuity plans developed if required.

3.3	Have all the issues identified been satisfactorily resolved?	☐	Issue and risk logs that are regularly reviewed by project team and evidence of appropriate action taken.
3.4	Are the external issues (e.g. statutory process, communications, public relations and environmental issues) being addressed.	☐	List of external issues and impacted stakeholders, including mitigation strategies.
		☐	External relations plan developed and implemented as part of the communications strategy.

4. REVIEW AREA: REVIEW OF CURRENT PHASE

	Areas to review		**Evidence expected**
4.1	Is the project under control?	☐	A definition of the project approach to be adopted.
4.2	What caused any deviations such as over or under-runs?	☐	Reconciliations set against budget and time plan and in accordance with risk allowances.
4.3	What actions are necessary to prevent deviations recurring in other phases?	☐	Analysis and plans included in project management documentation that is continually reviewed and updated.
4.4	Are there any assumptions documented at the review Business Case that have not been verified?	☐	Log of outstanding assumptions and plans to verify them. Where applicable, classed and managed as issues.

5. REVIEW AREA: READINESS FOR NEXT PHASE: TENDER DECISION

Areas to review		**Evidence expected**
5.1	**Is the project plan for the remaining stages realistic?**	☐ Clear objectives, deliverables and milestones for the next stage defined and signed off by stakeholders.
		☐ Recommendations from the last Gateway review actioned.
5.2	**Are the project's timescales reasonable?**	☐ Timescales are likely to meet business and legislative needs and have been verified with internal stakeholders and suppliers.
		☐ Comparisons with similar projects.
		☐ Analysis of the effects of any slippage that will affect the project (e.g. procurement costs) and suppliers (e.g. bid costs) with supporting sensitivity analysis.
5.3	**What are the arrangements for the next stage of the project? Have its activities been defined and resourced?**	☐ Plan showing roles, responsibilities, training requirements, internal and external resources, skills requirements and any project management mentoring resources available.
		☐ Involvement from a business, user and technical perspective.
		☐ A plan for the selected delivery approach that identifies all key review and decision points including any preliminary reviews.
		☐ Appropriate standard form of contract identified as the baseline for later adaptations as required.
5.4	**Does the project have resources with the appropriate skills and experience?**	☐ Requisite skills available in the project team and access to external expertise as appropriate.
		☐ Project relationships such as team-working and partnering considered with a plan to implement them where appropriate.
		☐ Internal and external commitment to provide the resources required.
		☐ Job descriptions for key project staff.
		☐ Skills audit undertaken and plans for addressing any shortfall.
		☐ Contract management staff identified to join the procurement team at an early stage to familiarise themselves with the procurement's intent and processes.
		☐ Appropriate allocation of key project roles between internal staff and consultants or contractors.

PROJECT DOCUMENTS

Examples of evidence expected in each area should be available before the review starts.

The following is a range of information which would typically be required by the review team.

- **Business case** A business case and initial plan for realising benefits.
- **Budget** The project's costs to date set against budget.
- **Change management** A plan for managing the business change.
- **Outputs/outcomes** Specification of the project's expected outputs and outcomes.
- **Delivery/acquisition** The delivery/acquisition approach (including the procurement strategy if appropriate) and documented justification for the approach.
- **Evaluation** Evaluation strategy and model to be used for evaluating proposals.
- **Procurement** Well-developed tender documentation and draft contract based on suitable standard contract model. Pre-qualification criteria and tender evaluation criteria and weightings.
- **Implementation** Proposed implementation strategy for implementing the new service/works contract.
- **Risk** Updated risk register, issue log and risk management plans.
- **Policy** Current and planned business/technical policies, strategies and constraints (e.g. health and safety standards, information assurance requirements such as security schedule).
- **Project plans** Outline project plans to completion and detailed plans for the next phase.
- **Benchmarking** Results of any business, commercial or technical benchmarking.
- **Market** Updated market intelligence and supplier assessment (for procurement projects).
- **Communication** Updated communications strategy and plan.
- **Quality** Project quality documentation.
- **KPIs** A strategy for measuring project performance including health and safety.