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Procurement Document No.7

Specification writing

Overview

This document briefly explains what a specification is and why it matters in the commissioning process. Designed for commissioners, it sets out the key contents of a specification and emphasises the importance of focusing on the outcomes you are trying to achieve for children, young people and their families.

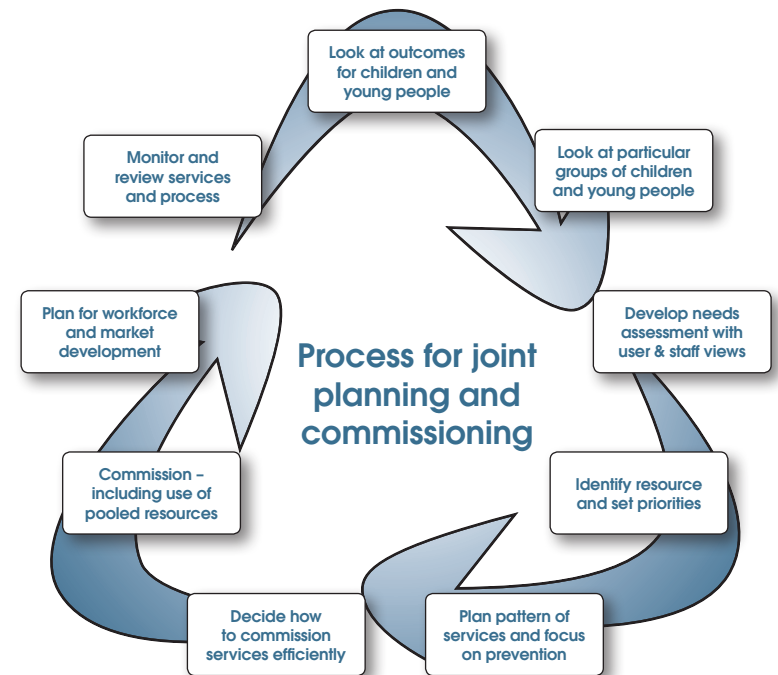
It also provides a checklist to help you finalise a specification before sending it to potential providers, and cites sources of further information.

Features

- Key points and questions to consider
- Process for developing and writing a specification
- Specification types and specification matrix
- Checklist for finalising and issuing a specification.

Outcome based specifications:

- Detail the outcomes you want to achieve. Avoid defining how to achieve these
- Encourage innovation
- Help ensure you meet the needs of service users and local communities.



Contacts

bridghe.forde@dcsf.gsi.gov.uk

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What is a specification?

A specification is a document describing a buyer's needs, which enables providers to propose an appropriately costed solution to meet those needs. As such, a specification will be required whether you are procuring services from external or internal providers.

As a minimum, specifications should:

- Set out the buyer's requirements
- Provide a shared understanding of each party's responsibilities
- Reflect users views
- Be clear, complete, concise, consistent and considerate of the reader.

They are not standalone documents. When they are sent to prospective providers they should be accompanied by documents containing the more legal aspects of the requirements, particularly your organisation's General Terms and Conditions of Contract.

Why do specifications matter?

You will receive what you ask for in the specification.

- If you make mistakes in writing the specification, these may affect end users and undermine your strategic aims
- If you omit information, this will lead to assumptions by the providers which may or may not be correct.

A specification will determine whether you achieve value for money.

- If you over-specify, you are likely to pay too much. You could also stifle innovation by restricting provider flexibility
- If you under-specify, you could also pay too much when you have to renegotiate the contract or deal with delays in completion.

A specification:

- Can be used to encourage providers to focus on outcomes
- Encourages innovation, while clearly stating non-negotiables
- Provides structure for delivery, for example:
 - Timescales
 - Payments and incentives
 - Flexibility to test innovation
 - Performance measurement
 - Contract management activities.

Remember that a specification will form part of the final contract (or an important part of a Service Level Agreement) and if you get it wrong it could lead to disputes with your providers.

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The contracting process

Diagram 1, on the next page, shows the steps required in a generic procurement exercise. Developing the specification is an important part of the overall Contracting Process – see “Specify requirement” which is highlighted in the diagram.

The Diagram also shows that in any significant procurement project, a number of steps should be carried out before putting resources into writing a specification.

In particular, there should be an exercise to identify if there is really a requirement (“Identify Requirement” in Diagram 1) e.g. a needs assessment process and if there is clear justification for undertaking the procurement (“Justify a Procurement”).

There should also be an understanding of the provider market (“Investigate Provider Market”). Providers in the market will be able to tell you, for example, what is and is not achievable, how attractive your requirements will be and what would make them more attractive, what the latest developments are, and how they can best be incentivised.

At the “Procurement Approach” stage, the details of how the procurement will be carried out should be agreed e.g. the extent to which the EU Directive applies, should the requirement be advertised?

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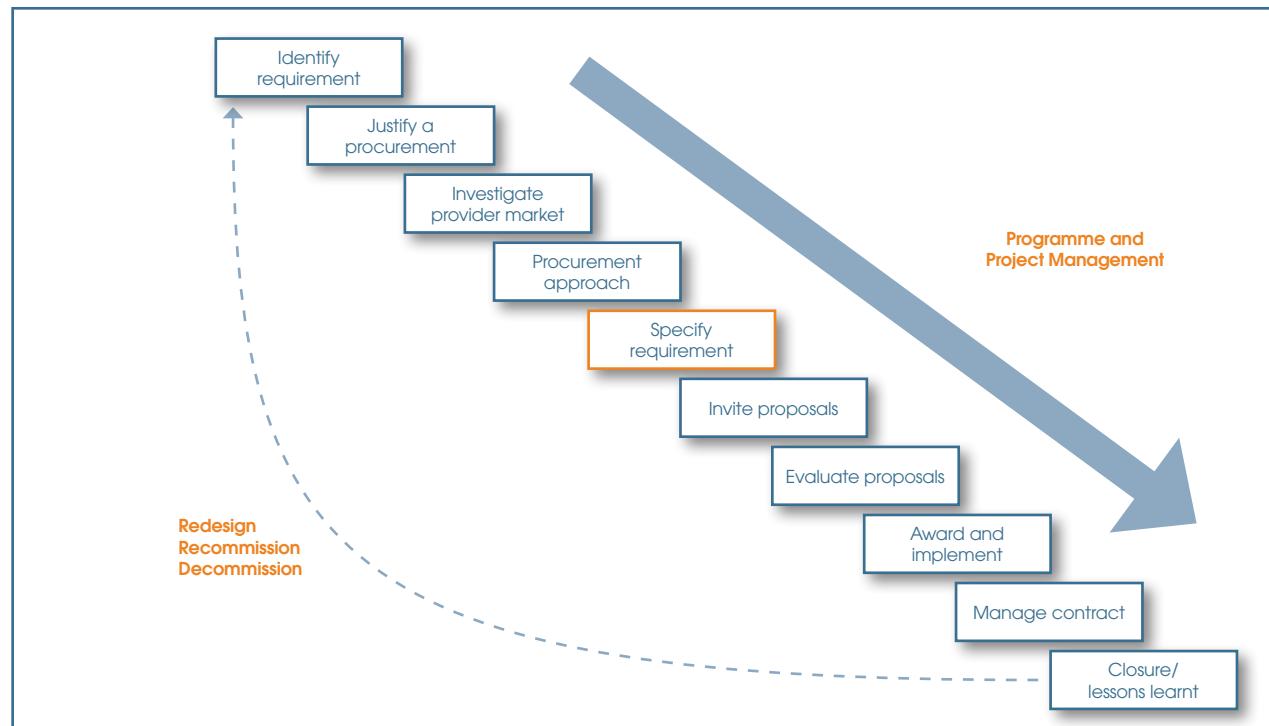


Diagram 1: The contracting process

Developing a specification – the process

The effort and resources required to develop a specification will depend on the value, complexity and risk of the procurement.

The process may well require many drafts of the specification before it is acceptable to key stakeholders.

The general process will be:

- Gather information from relevant stakeholders such as users, managers and potential providers. Take care to speak to a cross section of potential providers and avoid unnecessarily skewing the requirements in the specification towards the views of a small number of providers
- Appoint the Contract Manager early in the contracting process and allow them to provide input to the development of the specification
- Draft the specification

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- Circulate the draft specification for comment and sign-off by key stakeholders
- Amend and recirculate as necessary
- Carry out final checks (see Checks Before Despatch below)
- Despatch to prospective providers with other relevant documentation such as General Terms and Conditions of Contract and Instructions for Tenders.

Procurement staff cannot write specifications without significant input from those closely involved in the service area, possibly the commissioner. It is often best for procurement staff to provide a template or sample specification and for others to work up the detail. Procurement's role will largely be to provide guidance on how to get better value for money, to ensure the wording is unambiguous, and to challenge operational staff to think carefully about their requirements.

Outcomes, Outputs, Inputs

Requirements in a specification can be expressed in three main ways:

- As **outcomes**. Use the specification to tell providers *what you are aiming to achieve*. For example, for a home care service for children with disabilities you might want to achieve the outcome of reduced isolation of a child. Outcomes are usually linked to well-being and are intangible. Allow providers to propose how they will meet the outcomes

This is the preferred approach although it does pose some risks as shown in Table 1, page 6. Try to avoid specifying the outputs or inputs needed to deliver your required outcomes, unless they are proxy outcomes (see page 6) or non-negotiables

- As **outputs**. Tell providers *what measurable services or activities they must deliver* to achieve an outcome e.g. numbers of visits/interviews, but not necessarily how to deliver these.

An output may be used as a proxy outcome (i.e. as a substitute for an outcome) because they are easier to measure, but ensure that the link between the output and the outcome is proven before using this approach. For example, children's responses to a questionnaire (output) may be a proxy indicator for improved emotional and mental health (outcome)

- As **inputs**. Tell providers the *detail of how* to meet an outcome e.g. the processes, materials or resources they must use. Avoid these unless they are non-negotiable, such as CRB checks.

(Please note: there are differing views on what constitute inputs, outputs and outcomes. The exact definitions are not as important as the key message that the focus should be on the required outcomes.)

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The table below shows the advantages and disadvantages of using outcomes, outputs and inputs to express your requirement in a specification.

Although specifications should focus on outcomes, it is likely that a mixture will be appropriate due to the relative advantages and disadvantages of the different approaches.

	Advantages	Possible Disadvantages/Risks	When to use
Outcome	<ul style="list-style-type: none">• Easy to specify• Direct link with outcomes• More risk with provider• Encourages innovation	<ul style="list-style-type: none">• Difficult bid evaluations• Difficult to measure success• Depends on relationships• Scatter gun approach	<ul style="list-style-type: none">• Wherever possible. Providers define the inputs and outputs to meet the outcome
Output	<ul style="list-style-type: none">• Quite easy to specify• Measurable success• Easier bid evaluations	<ul style="list-style-type: none">• Fails to deliver outcome• Proxies may be unsuitable• More risk lies with client• Stifles innovation and VFM	<ul style="list-style-type: none">• Where outcome based is not possible
Input	<ul style="list-style-type: none">• Easier bid evaluations• Measurable success• Makes providers aware of non-negotiables	<ul style="list-style-type: none">• Fails to deliver outcomes• Requires technical skills• Risk lies with client• Stifles innovation and VFM	<ul style="list-style-type: none">• Repetitive supplies• Repeat of successful project• Technical requirements
Mix of above	<ul style="list-style-type: none">• Flexible to level of skills and knowledge• Addresses difficulties with purist approach	<ul style="list-style-type: none">• Delivery of outcomes possibly reduced	<ul style="list-style-type: none">• Where outcome based is not possible

Table 1: Advantages and disadvantages of different specifications

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Contents of a specification

Include any information that will help providers understand the requirement and cost it.

The specification should state the outcomes you need to achieve, any proxy outcomes and any non-negotiables. The provider should be asked for their proposals for meeting these.

Always work closely with key stakeholders when drafting a specification to ensure their requirements are accurately reflected.

Useful areas to cover in the specification will include:

- Background/context – who you are and how you got to this point
- Current position and any known/expected changes in the future
- Scope – what's in, what's out?
- Required outcomes and, where necessary, proxy outcome indicators and non-negotiable outputs and inputs
- Target groups
- Geographical area covered
- Volume of service
- Interfaces e.g. with providers, users, other projects
- Delivery timescales and contract period
- Payment terms and any incentives

- Key risks, and which party will be responsible for these e.g. changes in demand
- Performance measures
- Progress reporting e.g. frequency, detail, format, personnel
- Sustainability (where relevant to the procurement in hand)
- End of contract – how this will be managed, what will you want the provider to do?

Checks before despatch

Before sending the specification and other invitation to tender documents to potential providers, **carry out the following checks:**

- Is the information in the specification still current?
- Does the specification conflict with the General Terms and Conditions? If so, amend either document as necessary
- Is it unnecessarily skewed towards a small number of providers?
- Is the balance of risk acceptable? Can we manage ours?
- If everything we asked for was provided, would we have what we are really looking for?
- Has any change to the budget been signed off?
- Have stakeholders, particularly users, been prepared for any change the procurement will bring about?

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Further information

- **Specification writing**
www.ogc.gov.uk/specification_writing__annex_a_-_framework_for_a_specification.asp
(Office of Government Commerce)
- **Model General Terms and Conditions of Contract**
www.ogc.gov.uk/Model_terms_and_conditions_for_goods_and_services.asp
(Office of Government Commerce).

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Sharing knowledge and experience

Sharing the knowledge and experience of procurement professionals already working within local government will further support skill development.

If you are interested in working with us to further this agenda; whether by contributing directly or by inputting into our thinking on this, please email richard.painter@dcsf.gsi.gov.uk

Keeping up to date

More useful procurement tools, case studies and guidance will be published in the near future, please **email us** to register to receive information as soon as it is available.