

Procurement guidance for the purchase of goods and services

Contents

	<i>Page</i>
General	2
Identify the need	2
Specify goods/services required/estimate likely cost	2
Budgets	3
CC framework arrangements—professional services	3
Use of CC framework agreements	3
Alternative procurement routes	4
Delegated financial authority	5
Procurement procedures	5
Outline business case	5
Procurement competition	6
Value below £10,000	6
Value £10,000 or above—formal tender process	6
Evaluation of responses	6
Choose supplier	7
Policy on feedback to unsuccessful suppliers	7
OJEU awards	7
Non OJEU awards	7
Obtain outstanding financial approvals	8
Agree terms and conditions	8
Raising purchase order in FocalPoint	8
Receive and check goods/services	9
Feedback on purchase/contracts	9
Receive invoice	9
Invoice payment	9
Government Procurement Cards	9
Review value for money received and feedback	10

General

The purpose of this guidance is to define and describe the procurement process in line with 'best practice'. However, it is not possible to account for every circumstance as one procurement exercise may vary considerably from another and a uniform approach cannot always be followed. If in doubt, the Competition commission (CC) Procurement team should be consulted at an early stage when any procurement seems likely to deviate from a standard pattern.

Staff should always consult with the team where the potential value exceeds £10,000 and a formal competitive tendering exercise is required.

This guidance is subject to revision as legislation changes affect the organization.

If staff encounter any difficulties at any stage of the procurement process, the Procurement team will work with you to find a solution.

For the purpose of these notes the term 'supplier' is used to cover both suppliers of goods and services (where relevant) including 'consultants' and 'contractors' or more general service providers.

Identify the need

1. Some (possibly obvious!) questions which both the budget holder and the person proposing the expenditure should address at the outset are as follows:
 - (a) Are the goods/service(s) really essential? (Will they be used? Is it a routine purchase? Is the routine justified? Is it more efficient to order more or less than the proposed quantity?)
 - (b) What are the alternatives? (Can we procure in-house?)
 - (c) Is there sufficient time to purchase the goods to extract maximum value for money (VFM) taking account of the need to engage in a properly accountable procurement process? If you are not sure on the latter point please consult CC Procurement as soon as possible.

Specify goods/services required/estimate likely cost

2. For most goods, identifying what is required will be a relatively straightforward matter though it will often be necessary to specify particular requirements. Some goods/services, such as IT/Facilities Management equipment/services may be more complex. Professional Services covers a broad range of services and often require detailed specifications from budget holders to ensure that we procure the correct skills appropriate to CC needs.
3. Sometimes a requirement for goods/services may also entail the provision of services (eg installation/commissioning/implementation) and it may become necessary for purchasers to consult suppliers at an early stage particularly where there is no clear idea of potential costs, or where specialist advice or an innovative solution is required. If this is the case, CC Procurement team should be consulted to ensure procurement best practice is followed.

Budgets

4. If in doubt which budget will fund the expenditure the purchaser should consult with their manager or the Head of Finance.
5. If the proposed expenditure is likely to exceed the existing funds in a particular budget the budget holder must seek approval for an increase in the budget from the Head of Finance prior to proceeding with procurement. (The Head of Finance may on occasions need to consult with senior management before providing approval.)

CC framework arrangements—professional services

Use of CC framework agreements

6. EU procurement regulations require that contracts for services above a certain value (threshold currently £90,319 (WEF JAN 08) excluding VAT, with some exceptions) must be advertised in the *Official Journal of the European Union* and follow a procurement procedure which normally takes a minimum of four months to complete. For this reason the CC has set up a professional services framework contract whereby service providers are pre-selected and hold themselves ready to provide services at short notice when a call-off agreement is established.
7. The CC's current framework contract commenced in February 2008 and runs until December 2012. A list of framework service providers is held by each Head of Profession and is published under the Procurement page on Landscape. The services covered by the current framework agreements are as listed below.
 - Financial and accounting investigatory and analysis services.
 - Market research and related survey analysis.
 - Management consultancy and related services.
 - Industry-specific technical analysis.
 - Property management, valuation and quantity surveying services.
8. Unless it is not feasible, the use of framework service providers should be considered before any other potential service providers, this will justify the former's effort to submit tenders and to help keep them motivated when it comes to renewing framework agreements in the future.
9. If necessary a specification for work should be drawn up, usually by the designated CC Business Manager after discussion with potential service providers. CC Business Managers should not enter into any discussion of terms and conditions, or fee rates to ensure that we are compliant with procurement 'best practice' and legislation. However, it may appropriate to establish what level of contractor might be required to carry out the work. The specification should, as far as possible, include all outputs and deliverables required and a timetable for the work.
10. The procurement should then proceed, as follows:
 - (a) The Business Manager completes the Request for Proposal (RfP) form—this form should go to all suppliers under the particular lot(s) that you wish to use. (It may well be that by discussion you have already agreed that some providers may not have the exact skills available or the resources to respond to your request in

your time frame) in addition a FW-Pricing schedule and FW-Information to be Provided Form.

- (b) Completed RfPs should be returned to the relevant Business Manager who, with their team, will evaluate the responses using FW-Contracts Evaluation Form and will make the decision to award to the successful supplier. They will then issue a CC FW Service Order to the successful bidder copying procurement who will then take the appropriate contract action.
11. In the case of framework service providers the above processes constitute a mini-competition as described in the Invitation to Tender documents for the framework agreements. The rates quoted by the framework service providers in their tenders are the maximum for various levels of contractor and the purpose of the mini-competition is to establish the most economically advantageous proposal as judged by the criteria set out in the Invitation to Tender.

Alternative procurement routes

12. If none of the framework service providers are able to undertake a piece of work there are other procurement routes which can be used. For example, there are other public sector framework agreements such as the Office of Government Commerce Buying Solutions Catalist and the Central Office of Information Supply rosters which can be used as an alternative source of supply.
13. Catalist is a catalogue-based procurement scheme to provide public sector organizations with a simplified means of procuring, and contracting for a wide range of goods, consultancy and specialist services from a variety of service providers. Catalist meets public sector requirements in the following areas:
- (a) *IT Consultancy, Services & Related Products*: Provision of Consultancy and Services to deliver departmental IT and Telecoms.
 - (b) *Financial Services*: Provision of financial services, including accountancy, audit, consultancy, training and PPP/PFI advice.
 - (c) *Management & Business Consultancy*: Client side support for business and organisational strategic change needs.
 - (d) *Human Resources*: Consultancy, interim management, recruitment, training and Body Shop supply of IT specialist and general admin personnel.
 - (e) *Business Information & Research*: Provision of information, research or related consultancy services.
 - (f) *Geographic Information Services & Systems*: Provision of services and systems to enable organizations to make effective use of geographic information to support policy development and service delivery.
14. If there are no suitable public sector framework agreements covering the required service, or it is desired to use an alternative source, advice should be sought at an early stage from CC Procurement.
15. The EU procurement rules are complex and it is not just a matter of ensuring that the value of each contract is below the threshold. There is also a new EU consolidated directive covering the procurement of services and procurement staff will be able to

provide advice and assistance on its implementation where relevant to procurement matters in the CC.

Delegated financial authority

16. Formal financial approvals for expenditure which exceed the budget holder's delegated financial authority and require the approval of the Chief Executive or the Director of Corporate Services will be sought by CC Procurement when all costs are known at the appropriate point in the procurement process.
17. Information on the delegated financial authority for CC staff can be found in the Finance homepage on Landscape.

Procurement procedures

18. Procurement can provide advice and evaluation forms to assist with the selection of a service provider.
19. It may be necessary to establish a budget for the procurement if one does not already exist and also to obtain the approval of the budget holder and other senior staff as necessary according to the value of the contract. This must be done before any commitment on expenditure is made and is generally handled using email.
20. When the successful service provider has been chosen CC Procurement will draft a contract letter and purchase order. The Business Manager will have the opportunity to comment on the draft letter. The contract letter will then be signed by the Chief Executive or Director of Corporate Services and despatched together with a copy of the relevant terms and conditions, any confidentiality undertakings required, a copy of the specification for the work and any other documents that may be required.
21. Work should not be started until Procurement has received a signed copy of the contract from the Service Provider together with any confidentiality undertakings which are deemed to be necessary. Procurement will inform the Business Manager when all necessary documentation has been received.
22. If a contractor is to be provided with facilities at Victoria House it will be necessary for them to undergo a basic security check and HR can provide advice on the procedure.

Outline business case

23. Purchases in excess of £50,000 and over require a business case type proposal. To assist with this task staff can find an outline business case template and business case guidance on the Procurement homepage on Landscape.
24. The completed business case should be emailed to the Head of Finance for approval and copied to the Procurement Manager.
25. If the business case is approved by the Head of Finance this also means that the finance check stage has also been successfully completed.
26. What happens next is determined by the likely value of the contract to be awarded.

Procurement competition

Value below £10,000

27. For purchase values up to £10,000 quotations can be obtained by email/fax/post.
- Up to £1,000—one quotation.
 - £5,000—two quotations.
 - £10,000—three quotations.

These are the minimum requirements for competition purposes—it may be prudent to obtain others if time allows.

28. If it is not possible to obtain more than one or two quotations for particular goods or services then this fact should be clearly documented. Single tender action should always be avoided if at all possible, but if it does prove to be necessary a formal memo identifying the reasons should be drafted and approved by the Chief Executive. CC Procurement will provide further advice as appropriate.

Value £10,000 or above—formal tender process

29. At £10,000 or over in value a formal competitive tendering exercise is required and this will be carried out by CC Procurement. In these cases the purchaser will be required to provide a specification for the goods but CC Procurement who will handle all the administrative detail in consultation with the purchaser including the issue of the Invitation to Tender. They will also receive supplier responses thus ensuring the integrity of the procurement exercise according to best practice procurement guidance.
30. In the event that the potential value of the goods exceeds £90,319 it will almost certainly be necessary to hold a competitive tendering exercise under the EU rules or the CC can use Office of Government Commerce (OGC) and the other routes identified above. This can take three to four months so planning for any major procurement should take account of this possibility and CC Procurement must be consulted at an early stage.

Evaluation of responses

31. For £1,000 and under there is no need for a formal evaluation of any comparative quotations which may have been obtained. Where possible, purchases of this value will be transacted using the Government Procurement Card (GPC). By visiting Landscape and viewing the Procurement pages on Landscape you will see a list of the current card holders. If there is not one in your department then talk to CC Procurement who will be able to process the transaction on your behalf.
32. Where the value of the procurement is under £10,000 and a formal competitive tendering exercise is not carried out, the evaluation needs consist only of a list of reasons why the successful supplier was chosen and these reasons should be demonstrated and retained for audit purposes.
33. For £10,000 and over the evaluation will need to be conducted on formal lines using any award criteria previously identified and included in the invitation to tender. CC Procurement can provide a generic evaluation form which is available online in

Landscape) when distributing the tender documents received from interested suppliers. It is essential that these evaluation forms are completed carefully (ie by giving constructive criticism) by those responsible so that unsuccessful bidders can benefit from feedback. *Be aware that unsuccessful tenderers may ask to see a copy of the evaluation form under the terms of the Freedom of Information Act 2000.*

34. Formal guidance on tender evaluation is available on Landscape on the Procurement web page.

Choose supplier

35. This will normally follow on naturally from the evaluation stage and the supplier submitting the 'most economically advantageous' tender will be chosen. In terms of goods/services this will often be the cheapest, but quality is also an important factor and should always be considered where there is any difference between the goods supplied. We are not obliged to award contracts to the lowest price tenderer!
36. When the successful tenderer has been identified CC Procurement should be notified and the completed evaluation forms returned. CC Procurement will notify the successful/unsuccessful tenderers and offer feedback, which will be supplied using the details from the evaluation form used for this exercise. Do not imply anything to a supplier until contracts have been formally signed off!

Policy on feedback to unsuccessful suppliers

37. Following the award stage for our tender opportunities, unsuccessful suppliers will normally request feedback. Depending on the value and therefore the route for the notice there are different protocols to adopt.

OJEU awards

38. There are mandatory 'standstill requirements' and 'request for debrief steps' (Guidance from the OGC is available on the OGC website, www.ogc.co.uk.) Essentially the awarding authority must provide details of:
 - the Award Criteria used;
 - the score given to the supplier requesting the debrief;
 - the score given to the supplier who was awarded the contract; and
 - the name of the awarded supplier.

Non OJEU awards

39. There is no legislation concerning low-value awards, but 'procurement good practice' suggests using the following approach:
 - Providing the same information as given for OJEU awards.
 - On request for debrief ask the supplier to outline their concerns in writing.
 - If the supplier still seeks clarification set up a conference call with all parties.

- If the supplier is still not satisfied ask them to write to the OGC as an unbiased authority, asking it to investigate the concern.

Obtain outstanding financial approvals

40. If additional financial approval is required above the level of the budget holder (normally a Head of Support Services for goods) CC Procurement will seek this from the Chief Executive or the Director of Corporate Services. CC Procurement is required to review and comment on any procurement before the case for expenditure is forwarded to the Chief Executive and/or Director of Corporate Services for approval.

Agree terms and conditions

41. The Procurement Manager is responsible for ensuring that all contracts are signed and will only do so when all the financial approvals are in place and any terms and conditions (T&Cs) have been agreed. CC Procurement staff will handle any discussions about T&Cs if necessary by consulting the legal adviser for non-inquiry or support work. The aim in all cases will be to keep a level playing field for suppliers. Variations on T&Cs will generally be avoided because any subsequent relaxation might result in suppliers who did not bid on the basis of the original T&Cs feeling that they have been unfairly excluded.
42. The CC has invested a lot of time and effort by developing new terms that are appropriate to the organization in terms of our business and resources. These terms are essentially the 'armour' which protects the organization and individual staff members against challenges by suppliers/services providers, ensures that we get the best possible performance, and VFM in all of the contracts that we award to successful suppliers.
43. Only under extremely rare occasions should anyone be awarding business using supplier's terms and conditions. Please ensure you seek advice from CC Procurement before entering into any formal relationship or signing any documents.
44. Below is a link to the T&Cs currently available to CC staff:
 - Standard Terms & Conditions Services.
 - Standard Terms & Conditions Goods.
 - Standard Terms & Conditions Temp Staff.
 - General Terms of Purchase.

Raising purchase order in FocalPoint

45. Procurement and budget holders (Facilities Management/IT) are primarily responsible for raising purchase orders in the procurement module of Landscape; only authorized staff can access the system. *(This process will be confirmed, once electronic requisitioning has been turned on in Landscape—staff should be aware that if a purchase order is required to be authorized ASAP you will need to prompt the budget holder, inquiry director as the system only warns the individual the day after the purchase order is raised and submitted for approval.)*

Receive and check goods/services

46. The receiver is responsible for ensuring that all goods/services received are of a satisfactory quality and are fit for their intended purpose. If that is not the case the purchaser should liaise with the supplier in the first instance and attempt to resolve the issue informally. The exact action to be taken will depend on the terms under which the goods and any associated service are being supplied. If in any doubt or the difficulties persist the purchaser should notify CC Procurement.

Feedback on purchase/contracts

47. CC Procurement will review the quality of goods/services provided by suppliers by asking for feedback from CC staff. It is therefore essential that a note is made of any substandard goods/services that are supplied. It may be that it is not worth formally pursuing the delivery of substandard goods, or refusing payment, if the goods can be used for their intended purpose. However, purchasers are expected wherever possible to monitor the standard of goods/services received so that some comparisons can be drawn between the goods/services provided by different suppliers if there is an appreciable gap in quality.
48. Where a service is being contract managed by a member of staff they will be expected to complete a feedback form approximately one month before the contract is due to end (where appropriate). See:
- Contract Management Responsibilities.
 - Contract Management Performance Reporting.

Receive invoice

49. Suppliers should send invoices directly to CC Finance who will then scan and issue as an email to the budget holder or receiver (if applicable) of the purchase order. Once reviewed and agreed, the budget holder or receiver should confirm status of the invoice within 24 hours of receipt and return to CC Finance. Normally, any problems with delivery or quality of the service will have been resolved prior to receipt of the invoice if the purchaser has been checking goods/service as they are received/delivered.

Invoice payment

50. When the invoice has been verified and approved, CC Finance will make arrangements for payment by Bacs and/or a cheque run are normally carried out each Friday. Payment terms are normally 30 days of receipt of invoice but there is some scope for agreeing quicker payment possibly in exchange for a discount on the agreed cost.

Government Procurement Cards

51. GPCs have been around for some ten years, they were introduced originally for low-value, one-off transactions to reduce the administrative burden of adding new suppliers, raising purchase orders and invoice matching. This is still the case but increasingly organizations are using the cards for higher value and other types of transactions which lend themselves to the purchase to pay (P2P) mechanism that the GPC offers.

52. Further advice on the suitability of using these cards is best obtained by talking to CC Procurement staff or viewing the following link: www.barclaycardbusiness.co.uk/existing_customers/paying_by_cards/public/. Use this link to obtain the following:
- List of CC Cardholders.
 - CC Guidance/Policy for Cardholders.
 - Monthly Transaction Statements.
 - Link to OGC Frequently Asked Questions.
53. Although cards are generally issued to individuals, there may be a case for a 'virtual card' to be used; these virtual cards are essentially a corporate card, in the name of the organization, that does not have to be physically logged with a supplier only the number. It is primarily used for transactions where there is a long-term relationship with one supplier and the GPC is the tool by which we pay them.
54. Should staff consider this approach for one of their own spend categories, please talk to CC Procurement.
55. The individual cardholders generally are buying a broad range of goods/services which are used by the organization as a whole or for individual one-off uses. If a member of staff wishes to purchase goods and/or services on a one-off situation and they have no card, they can approach CC Procurement who can process the transaction via their corporate card. Failing that, you can always approach a cardholder and request that they process the transaction on your behalf.

Review value for money received and feedback

56. From 1 April 2008, following its reorganization, CC Procurement takes an increasing interest in the VFM obtained in the procurement of goods and services with the aim of rationalizing and streamlining such purchases. The use of approved suppliers lists or framework agreements, possibly in collaboration with other public sector organizations, is likely to become more commonplace.
57. The further development of the GPC for low-value purchases will also change procurement processes, most significantly where goods are concerned, and further guidance will be issued at the appropriate time.

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