

Tayside Procurement Consortium

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# Selling to the Tayside Councils

## A Guide for Suppliers

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The Tayside Procurement Consortium

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## Introduction

Many organisations look to sell goods, works and services to the Councils in Tayside. We recognise that many Small and Medium Sized Enterprises (SME's) and Third Sector Organisations find it difficult to engage with the Councils and therefore have put together this Guide to assist suppliers by:

- Outlining the rules that the Councils must follow
- Explaining where to find details of contract opportunities
- Explaining how to tender for Council business
- Explaining what is expected of Council suppliers

## About the Tayside Procurement Consortium

The **Tayside Procurement Consortium** (TPC) is the name given to the shared procurement team created by the three Councils to lead on procurement, across Angus, Dundee City and Perth and Kinross Councils, in association with Tayside Contracts. This award winning initiative involves:

- **Working Smarter & Working Together:** By working together to buy goods and services, we can deliver more efficient business processes and save time and money.
- **Saving Costs:** Our target is to remove duplication and to deliver smarter procurement.
- **Treating Suppliers Fairly:** The TPC aims to foster good relations between public sector buyers and suppliers of all sizes.

The TPC provides suppliers with a singular point of contact for any procurement related question.

The Tayside Councils spend in excess of £300 million each year on a diverse range of goods, works and services with in excess of 5000 external suppliers. The Councils purchase everything from pencils to social care, photocopiers to waste management. The approach the Councils take with this spending activity has an impact both on the local community and the Councils own internal resources.

## Supplier Requirements

We aim to work with Suppliers to provide goods, works and services at the costs, quality, quantity and specification most appropriate to the requirement, and to promote the best possible standards within a supplier and customer relationship. We look to secure best value for money, not just in the short-term, but via long term benefits for local communities in Tayside.

We require that a supplier demonstrates their ability to carry out the work or services to a standard acceptable to the Councils, and that the supplier recognises its responsibilities in respect of its:

**Service standards** - that a supplier's work will be done well and where required carried out by suitably qualified and competent personnel.

**Health and Safety** - The Councils have a duty, under health and safety legislation, to assess the competence of contractors who supply materials to, or deliver services on its behalf. The extent of this assessment will depend on the nature of the services being delivered but will typically entail an evaluation of basic health and safety compliance. The assessment will be based on nationally accepted standards and is likely to go no further than what is considered to be basic legal compliance. If you can demonstrate current accreditation by certain existing bodies (e.g. Constructionline ) then the Council may accept this as compliance and you will not be required to complete a further evaluation at PQQ stage. It may, therefore, be in your interest to consider a third party assessment of your health and safety policies and procedures by a recognised organisation or industry accredited body to established national standards.

**Sustainability** - the Councils policy is to promote sustainable procurement as a process that achieves value for money on a whole life basis and generates benefits not only to the organisation but also to society and the economy whilst minimising damage to the environment. This means not only reducing our direct energy usage but also giving consideration to the whole life costs of goods, works and services that we procure, meeting users' needs, delivering long term value for money, maximising social and economic benefits, and minimising damage to our environment.

**Equalities** - the Councils are committed to ensuring that its service users and employees are not discriminated against because of any of the nine protected characteristics as detailed in the Equalities Act 2010. This commitment extends to suppliers working on behalf of the Councils who are expected to promote equality and remove discrimination, providing services for all.

**Delivering Community Benefits** - The Councils understand that their external spend provides an opportunity to transform the life chances of many of the citizens in Tayside. The Councils aim to develop benefits such as employment and training opportunities for those in our local communities.

**Protection of Vulnerable Groups (PVG)** - the Councils have a duty to safeguard and promote the welfare of children, young people and vulnerable adults in Tayside. This includes ensuring that suppliers can demonstrate an understanding of this duty, and that they can provide evidence of how this is implemented within their own organisation.

## **Further Guidance – Responsible Procurement**

Further guidance on Sustainable Procurement including Sustainability, Delivering Community Benefits, Equalities and PVG can be obtained from the Procurement Team. The team can also provide details on the Councils approach other issues in Sustainable Procurement including working with SME's and Fair Trade / Ethical Sourcing.

## How Procurement is organised

Procurement is an essential factor in delivering better public services across Tayside.

In Tayside the Councils have established a Shared Procurement Team – The TPC who are responsible for procurement strategy and policy setting for the Tayside Councils and manage the Councils’ collaborative procurement activity. The TPC is supported by corporate procurement units located in each Council who deal with the management of operational procurement matters in each Council.

The TPC will aim to:

- Ensure the effective and efficient delivery of goods, works and services, at the best value for money, ensuring improved procurement savings and efficiencies for the Councils, professionally engaging the supply market community and ensuring security of supply and management of procurement risk.
- Control and coordinate the procurement process, seeking to embed best practice and ensure compliance as required by European Directives, Public contract Scotland Regulations and local Contract Rules and Financial Regulations.

Responsibility for more specialist procurements (e.g. Construction or Social Care) typically lies with individual departments and services within the Councils who have specific knowledge regarding their requirements.

## Rules and Regulations

It is also important to be aware that there are rules in force about how the Council’s money should be spent, (Councils Contract Rules) in order to protect both the Councils budget and officers in the way that they make purchasing decisions.

The main purpose of the Contract Rules is to ensure that all Contracts are entered into lawfully and on the most economically advantageous terms for the Councils. The rules exist to demonstrate that the whole procurement process is open, honest and transparent. Officers are required to follow the Contract Rules and the associated principles when undertaking all procurement activities.

Broadly speaking a summary of the Council’s Contract Rules is given below:

Type of Procurement	Value of Contract
Lower Value Procurement	Up to £50,000 (£150,000 for building or civil engineering works).
Higher Value Procurement	£50,000 to OJEU thresholds (£150,000 for

	building or civil engineering works)
Contracts Subject to the Regulations	Above OJEU thresholds as amended from time to time.

Where the estimated total value of a contract falls within the values stated above, the Contract Rules apply.

- For Lower Value Procurements, we use the PCS 'Quick Quote' function where at least three written quotations (two of which, if possible, are local) be obtained.
- For Higher Value Procurements, tenders shall be advertised on Public Contract Scotland (PCS) and invites from at least three suppliers be obtained where possible.
- Where the estimated value of the contract exceeds the current European Union procurement threshold then the contract shall be tendered in accordance with the appropriate Regulations.

As a minimum all procurements above £50,000 must be advertised on the PCS website <http://www.publiccontractsscotland.gov.uk/>

## European Union (EU) Procurement Directives

We have a legal requirement to comply with the EU Procurement Directives, which govern the way in which public sector procurement is conducted for contracts over certain specified thresholds. The Directives and associated Scottish legislation require the Councils to follow detailed procedures for all procurements above these financial thresholds.

The thresholds are reviewed every two years and the current thresholds effective from the 1 January 2012 are:-

Services	Supplies	Works
£173,394	£173,394	£4,348,350

The above thresholds relate to the whole of a contract and not just the annual spend i.e. a three year contract with an annual spend of £60,000 (equating to £180,000) will fall under the requirements of the EU rules.

The procedure we adopt is summarised below:

- Decide which of the procedures is appropriate; Open Restricted, Negotiated, and Competitive Dialogue.

- Publish a Contract Notice in the Official Journal of the European Union (OJEU) to give all EU suppliers an equal opportunity to tender;
- Invite tenders according to the procedure being used ,taking account of the minimum timescales imposed, to ensure that reasonable time is given to respond to adverts and prepare submissions;
- Select a suitable contractor using the selection and evaluation criteria published in the Contract Notice;
- Place a Contract Award Notice in OJEU.

Where are carrying out an EU process we would use one of the following processes:

**Open:** Any organisation can express an interest and are entitled to tender.

**Restricted:** (a two-stage process) Organisations expressing an interest undergo an initial pre-qualification assessment. Only the short listed applicants are invited to tender.

**Negotiated:** Organisations expressing an interest undergo an initial pre-qualification assessment. The Councils, under limited circumstances, will then negotiate with one or two suitable contractors.

**Competitive Dialogue:** This is available for particularly complex procurements where the Council does not consider that the Open or Restricted procedures will allow the award of a contract. This procedure permits the Council to enter into a dialogue with bidders before seeking final tenders from them. It is expected that this procedure will be appropriate for many cases where previously the Negotiated procedure has been used.

## Providing Quotations

For lower value procurements we use PCS Quick Quote to obtain quotations from at least three suppliers listed on the PCS database.

As a minimum the quotations must specify the following:

- The goods, services, or works to be supplied
- When they are to be supplied
- The value of the transaction
- Terms of payment

## Contract Opportunities

Suppliers should register with PCS – <http://www.publiccontractsscotland.gov.uk/> and check for opportunities on a regular basis.

In addition contracts over the EU thresholds are advertised in the Official Journal of the European Union (OJEU). Potential contractors/suppliers should review the official EU website regularly to obtain details of forthcoming opportunities at [Tenders Electronic Daily](#) website.

## Pre Qualification Questionnaires

In some cases, in a restricted EU procedure for example, bidders will be required to complete a pre-qualification questionnaire (PQQ), which will be used to assess their suitability to supply the Council and their ability to satisfy the contract.

It is essential that bidders provide all of the information requested and that pre-tender documentation is returned by the date and time stipulated. All PQQ responses are evaluated in the first step of the tender process and if you are selected you will be invited to participate further in the procurement.

If you receive a pre-qualification questionnaire you will be asked to provide basic details about your organisation to verify that it can be identified as a legitimate trading organisation. These may include:

- Eligibility
- Economic and financial standing
- Technical and professional ability
- Quality assurance standards
- Environmental management standards
- Health and safety record
- Equality and diversity policies and
- Other appropriate criteria i.e. when a contractor is to perform works in a location where there are vulnerable people involved, like schools and homes for the elderly, they will be required to provide disclosures for all personnel who would be employed within these areas.

The weighting of the above criteria will be dependant on the value or significance of the contract.

## Tender Documents

When we are carrying out a single stage process, or where bidders have been short listed after evaluation of a PQQ, a set of tender documents will be issued which will consist of all or some of the following:

**Instructions to tenderers** – provides guidance for completing and submitting tender documentation.

**Specification** – sets out what needs to be achieved and includes policies, procedures and guidelines that need to be followed. Tenderers are expected to tender on the basis of this specification, which will include performance targets or criteria to be met in delivering the goods, works or services.

**Pricing Schedule**– the document where you enter all of your proposed prices.

**Conditions of Contract** – defines how we will let the contract, the rules tenderers must comply with and the relationship between the purchaser and the selected Supplier.

**Method Statement** –used to determine how bidders would manage the service or deal with particular issues. In responding to method statements bidders are expected to show what methods and procedures they propose to use in undertaking the work, showing initiative and innovation in delivering the service

**Tender evaluation criteria** – advises how the tender submission will be evaluated and the contract awarded.

**Tender return instruction** – states the time and date by which tenders must be received as well as any specific format required.

**Any additional supporting information** – such as specific Council policies or standards that tenderers are expected to follow.

Tenders must be returned by the date given as tenders received after the deadline may be rejected. This is because all Suppliers are given the same amount of time to respond and all tender documents must be opened at the same time in order to ensure a fair and equitable process.

At present, a hard copy of the completed tender document must be completed and returned. We are currently exploring the options of an electronic tendering system (e-tendering) and further information on e-tendering may be provided at a later stage.

### **What is expected of Suppliers?**

We need to ensure that we achieve best value from our supply chain. We therefore expect excellent performance from suppliers through:

**Demonstrably competitive cost** - Suppliers must consider the most economically advantageous solution when putting together their tenders which shall be based on whole life costing.

**Quality** - Suppliers are expected to provide goods, works and services to an appropriate standard of quality, to meet the needs set out in the specification.

**Adherence to Council policies and protocols** - We are committed to delivering our services with consideration for a number of issues including sustainability, equalities, health and safety, and look for suppliers who are committed to helping us achieve our aims in these respects.

**Integrity** - Honesty is expected in all dealings between the Councils and their Suppliers in addition to other relevant parties. Council officers should not to accept inducements, gifts or hospitality. Tenderers should note that they may be excluded from the procurement process for failing to observe this position.

**Innovation** – We would always expect a compliant bid but suppliers are also encouraged to explore innovation; therefore on occasion an alternative bid in addition to the compliant bid would be welcome.

**Communication** - Suppliers are expected to maintain good communications, to provide management information and have regular meetings with the Councils throughout the life of the contract.

### **Other Evaluation Methods**

During the tender process you may be invited to give a presentation or attend an interview as part of your submission. The Council may also conduct site visits to see first hand how tenderers organise their work.

## **Contract Award Stage**

### **How the contract is awarded**

Tender evaluation is always carried out in a comprehensive, equitable, auditable and transparent manner. To ensure fairness the evaluation criteria and method will be clearly defined before tender documents are issued.

We must be sure that in selecting a supplier they are getting value for money and the required outcomes will be delivered effectively. Evaluation is therefore based on two key criteria – how the tenderer proposes to deliver the contract (quality/technical) and the cost of the contract (price/commercial). It is important that suppliers understand this and respond to the actual requirements asked for in their tender returns.

We are looking for the best balance of quality and price, not just the lowest price. In most cases additional criteria will also be used in evaluating tenderers.

Contracts are awarded to the provider in regards to price, quality and best value – sometimes referred to as “most economically advantageous tender”, and to be best able to meet the specification. Evaluation of the most economically advantageous tender can incorporate a number of factors including:

- Financial viability of the tender
- Quality issues
- Technical merit
- After sales service
- Delivery date
- Technical back-up
- Experience

- Competence
- Policy issues such as equalities & sustainability

The criteria to be used will be listed in the tender documents, in order of importance. The weightings of the criteria may also be given.

For all OJEU level contracts there will be a Mandatory Standstill period of at least 10 days before award of the contract.

### **Feedback**

If your tender is unsuccessful you may ask for feedback. Within the limits of confidentiality, we can provide feedback on which aspects of the bid were strongest and which were weakest, along with suggestions on improving and developing for the future.

Being unsuccessful in one contract does not mean you will be unsuccessful in future. You should use the feedback to help you improve for upcoming opportunities.

### **Contract Management**

You will be expected to provide the service in accordance with the requirements set out in the contract documentation and the proposals to carry out the contract.

We will work with you to ensure a good working relationship that is open and constructive, which will also help to identify and resolve any problems early.

Service Management, relationship management and contract administration should keep both contract and relationship running smoothly and provide the value for money represented by the contract at the outset.

### **Doing Business Electronically (e-Procurement)**

Electronic Procurement (e-procurement) means the use of automated electronic methods to support traditional processes in how the Council sources and purchases from the market place.

The Councils recognise the importance of e-procurement in delivering lower transaction costs for both us and our suppliers, ensuring compliance to contracts, minimising paperwork, providing transparency and enhanced management information, therefore providing efficiencies and environmental benefits.

Typically and where appropriate, contracted suppliers will be put on the e-procurement system with all orders being processed in this way.

The Council's preferred method of payment is through BACS (Bankers Automated Clearing System).

## Confidential Reporting Procedure (“Whistle Blowing”)

We are committed to achieving the highest standards of service, including honesty, openness and accountability and recognises the hugely important role employees have in achieving that goal.

Under the Local Code of Corporate Governance 2011 employees are encouraged to raise concerns about malpractice in the work place.

The Council has a “Disclosure of Information” policy and associated procedures, which enable any employee to report their concerns of fraud or malpractice with confidence.

Suppliers also have a process whereby an employee may report in Confidence any alleged malpractice on the part of the Supplier and/or the Council. <http://www.dundee.gov.uk/finance/corpgov4>

## Suppliers Charter

The Tayside Councils are all signatories to the Scottish governments Suppliers Charter which sets out standards for public procurement- <http://www.scotland.gov.uk/Topics/Government/Procurement/Selling/Supplierscharter2>

## Third Sector

The Councils sometimes award grants to voluntary and community sector organisations. These grants may be for the provision of specific services or may contribute to the core funding of those organisations.

The Councils are committed to improving their relationship with the Third sector, in line with the aspirations and guidance contained within their respective Single Outcome Agreements.

## Do’s and Don’ts

This checklist may help you:

### Do:

- **Do** provide requested information on time and in the required format. Remember that the date given for a response is normally the last date that can be accepted, we are legally bound to disqualify late submissions.

- **Do** study our adverts carefully; they are the opportunity for you to decide whether your business can carry out the contract. There will usually be a contact name and telephone number, it will often be useful to contact the officer who is responsible for the contract so that you can talk through and really understand the requirements, this will avoid you wasting valuable time and money tendering for a contract for which you cannot realistically compete.
- **Do** ensure that you have proof of postage or a signature for hand delivery.
- **Do** provide clear and concise contact details; telephone numbers, e-mails and fax details.
- **Do** thoroughly check your prices and data before final submission of pricing schedules or quotations.
- **Do** review your policies on a regular basis to ensure that they comply with current legislation.
- **Do** comply with the Instructions to Tender and any other regulations that apply to procurement. Failure to do so will lead to disqualification.

#### **Don't:**

- **Don't** send 'glossy' brochures or information that has not been requested, this makes any responses difficult to properly assess. Only send what has been requested and only send supplementary information if we have offered the opportunity to do so.
- **Don't** seek to influence the tender process by requesting meetings or contacting the Council officers or Elected members to support your tender. If your tender requires clarification you will be contacted.
- **Don't** seek changes to the tender documentation after tenders have been submitted.

## **Further Information**

Subject to certain conditions and exemptions, under the Freedom of Information Scotland Act 2002, the public have a general right of access to information about all public sector contracts and procurement activity of public authorities. At the outset of any Procurement, the tenderer will be informed that information given to Council by the tenderer may be subject to disclosure under the Freedom of Information Scotland Act.

Legally we cannot have a positive discrimination policy which favours local companies. The Councils would like to ensure that Small and Medium Sized Enterprises and Third Sector Organisations in Tayside are encouraged to compete for opportunities of new and continued business.

This guide is designed to provide an overview on doing business with The Councils in Tayside.

If you would like further information or want to know more about doing business with the Councils or require information on topics contained within this guide please visit our website <http://www.taysideprocurement.gov.uk>

## Definitions

**Procurement** – Often used interchangeably with purchasing. Procurement is the whole process starting from the identification of a requirement to the disposal of that requirement at the end of its life. Procurement generally relates to goods, works and service(s) requirements.

**Purchasing** – Often used interchangeably with procurement. Purchasing is to acquire goods, works or services from a Supplier. Purchasing is a component of the wider function of procurement and consists of activities such as ordering, negotiating, receipt and payment.

**Commissioning** - The process of assessing the needs of people in an area, considering how best and by whom those needs can be met. Includes planning the provision of appropriate services. It is best seen as a process of continuous monitoring, evaluation and improvement to ensure the best possible outcomes for the specific requirement.

**Specification** – This is a written statement that will define the Council's requirements. The specification will change according to the product or service concerned. For a simple product the specification may be a brief description, while in the case of a complex service it will be comprehensive document, perhaps running to many pages in length.

**Tendering** – This is a purchasing procedure whereby potential suppliers are invited to make a firm and unequivocal offer of the price and terms which, on acceptance, shall be the basis of the subsequent contract.

**Contract** – An agreement between the purchaser and the supplier that is enforceable by law.

**Pre-Qualification Questionnaire** – This is a document that bidders may be required to complete, providing the purchasing authority with various pieces of necessary information by which the Councils can shortlist those bidders from whom a tender will be sought.

**European Procurement Directives** – European Procurement Directives are the European rules that govern all public sector contracts. There are different requirements depending on the type of contract (services, supplies, utilities and works) and the nature of the contract.

**Value for Money** – Value for money (VFM) is the optimum balance of whole-life costs and quality necessary to meet the requirement. This does not just refer to the lowest price but the most economically advantageous option.

**Supplier Appraisal** – Methodology used prior to contract to assess the suitability and capability of suppliers to undertake defined work.

**Continuous Improvement** - A process of improving an organisations or Supplier's performance over a given period of time with agreed areas or criteria requiring improvement.

**Contract Management** – The activities before, during and after a contract period to ensure that all parties to the contract fulfil their contractual obligations. An important aspect of this is managing the relationship between all parties in the most effective way so as to ensure the contract meets the optimum combination of cost, time, quality and continuous improvement.

**Third Sector** - A third sector organisation can be described as a non-profit distributing, non-statutory, autonomous, or charitable organisation. Often active on a local or community level, usually small, and modestly funded and largely dependent on voluntary, rather than paid effort.

**SME (Small or Medium sized Enterprise)** - Categorised as any organisation that employ less than 250 employees (Not exceeding a turnover of £34m or balance sheet of £30m).

**EU (European Union)** - The European Union (EU) is a family of democratic European countries, committed to working together for peace and prosperity. The rule of law is fundamental to the European Union and mandatory for all member states to follow/abide by. All EU decisions and procedures are based on the Treaties, which are agreed by all the EU countries. For further information please visit: <http://europa.eu.int/>.