

Architecture + Design Scotland

## PROCUREMENT HANDBOOK

Procurement is the acquisition of goods and/or services. This handbook contains our procurement policy and procedures. We will review our policy and procedures regularly to ensure that the policy and procedures respond to user feedback, changes in legislation, Government requirements and wider corporate policy.

### PROCUREMENT POLICY

Our procurement policy has 6 key priorities

1. Support for our core business
2. Compliance with legislation
3. Transparency, fairness and accountability
4. Achieving value for money
5. Raising the level of procurement knowledge, skills and expertise
6. Maximising access to **Collaborative Contracts** available via the contracts strategy directory

#### *1. Support for our core business*

The primary purpose of our procurement policy is to support the work we do in a practical and proportionate way. Wherever possible we will seek to deliver services using existing staff resources. Only where this is not possible will we engage others to support our delivery of services.

#### *2. Compliance with legislation*

As a public body we are required to comply with relevant legislation. This includes **EU Legislation** and **Scottish Legislation** and our procurement procedure has been developed to ensure this compliance.

#### *3. Transparency, fairness and accountability*

In common with all public bodies, we aim to undertake all of our business in a transparent, fair and accountable way. We will therefore ensure that everyone involved in our procurement process can see what is happening at each stage; we will deal fairly with any individual or organisation that takes part in our procurement process and ensure that we are accountable for the decisions taken and the manner in which they are taken.

*4. Achieving value for money*

As a public body we have a duty to deliver high quality services that are value for money. This is based on an understanding of the quality and cost of the required goods or services and will normally be established through competition.

*5. Raising the level of procurement knowledge, skills and expertise*

We will deliver training on this policy and procedure for all appropriate staff and will provide additional training for staff if required. Our staff should ensure they understand our procurement policy and procedures before embarking on any procurement related work.

*6. Maximising access to Collaborative Contracts available*

We will consider the use of Collaborative Contracts prior to engaging in our own procurements.

## PROCUREMENT PROCEDURES

Our procedures set out how to procure goods and/or services relevant to our business. The procedures include the procurement thresholds we operate in relation to the procurement of goods and services; the approach to be followed for any given procurement; and the levels of delegated authority that apply.

### Before commencing procurement

In all cases there must be some form of 'in principal' approval to spend, e.g. the expenditure is supporting a project within the Business Plan, there is a Project Plan agreed by the CEO, or there is other authority to use money for that purpose, such as within a Grant. If this 'in principal' agreement is not in place, you cannot raise a Purchase Order to enter into a contract. Follow the link for more details on how to prepare a [project plan](#) [..\..\Project Management\Guidance](#)

### Check if it exists elsewhere?

You may be able to use an existing supplier to procure if we already have one (e.g. via a framework contract) who can provide what you're looking for so it's always worth checking first. You should therefore access the [Contracts Strategy Directory](#) prior to starting any procurement – this may save you time and money.

## GETTING STARTED

### The Level of Procurement

Once you are ready to begin procurement, you need to decide on the route to take. In essence this is determined by the estimated price of the goods and/or services you intend to procure, though there are certain exceptions – see below. Costs estimates should be based on a professional assessment using methods such as: current market knowledge based on your professional experience, discussions with suppliers, web research for comparative goods and reference to recent contracts. Records of recent A+DS contracts are held in our [Contracts Register](#). You can then select a route based on the **spend thresholds**.

As with any procurement framework, the higher the estimated spend, the more importance is attached to being able to demonstrate value for money via competitive pricing. In all cases, the **purchasing officer** and **authorising officer** are responsible for ensuring that a purchase represents good value for public money and for maintaining records to demonstrate this.

Where your estimated cost is close to the top of a threshold, it is best practice to adopt the requirements of the threshold above. This means that your project is protected if you under-estimate the costs of the goods or services, e.g. you estimate £45,000 but actually spend over £50,000 without going through a tender exercise and are subsequently challenged for this.

## A+DS Procurement Thresholds

1	£1-£1,999	Purchases at this level can be made on the basis of a single quote. It is advisable to keep a signed file note on why the supplier was chosen (any alternates considered) and how it demonstrates best value. e.g. using a simple <b>pro forma report</b>	<a href="#">..\Proformas\Purchases less than2k pro forma.docx</a>
2	£2,000-£49,999	Purchases at this level should normally be made via one of 2 options: <ol style="list-style-type: none"> <li>1. Seek at least 3 written quotes, e.g. via Quick Quote or directly, depending on target market</li> <li>2. Hold an open tender e.g. via the PCS website</li> </ol> The procedures to be followed for purchases at this level can be found via the links provided, and an overview is appended	<b><u>Quick Quote</u></b>  <b><u>Public Contracts Scotland</u></b>  <b><u>Procurement Journey Route 1</u></b>  <a href="#">..\Guidance\Quotes for purchases between 2-49.docx</a>
3	£50,000 - £112,999	Purchases at this level must be made following a <b>tender</b> undertaken in line with Scottish Government best practice guidance. Further details on this can be found via the link provided.	<b><u>Procurement Journey Route 1</u></b>  <a href="http://www.scotland.gov.uk/publications/2006/05/spd/policymanual#a4">www.scotland.gov.uk/publications/2006/05/spd/policymanual#a4</a>
4	£113,000+	EU Procurement Rules Purchases at this level are subject to EU procurement rules and must be tendered accordingly. Further details on this route can be found at <a href="http://www.ojeu.eu">www.ojeu.eu</a>	<a href="http://www.scotland.gov.uk/Topics/Government/Procurement/policy/EUProcurement">http://www.scotland.gov.uk/Topics/Government/Procurement/policy/EUProcurement</a>

## DELEGATION AND GOVERNANCE

To ensure we have effective controls in our procurement framework, a scheme of delegation has been put in place. This sets out the level of expenditure that you are able to propose and/or sign off. By using a scheme of delegation we are able to ensure that decisions are taken at the most appropriate level based on their value. In any individual case, it is the responsibility of the officer to whom authority has been delegated to ensure that the most appropriate procedure is followed.

Proposing Officer: Our scheme of delegation for **proposing** expenditure of budgets is as follows:

Grade	Level of Expenditure
A3	Up to £1,000
A4	Up to £2,000
B1	Up to £10,000
B2	Up to £15,000
B3	Up to £20,000
C1	Up to £50,000
CEO	No limit

Authorising Officer: Our scheme of delegation for **authorising** expenditure of budgets is as follows.

A3, A4, B1	-
B2	Up to £2,000
B3	Up to £5,000
C1	Up to £10,000
CEO	Up to £50,000
Board	>£50,000

Before issuing a brief to suppliers and before notifying suppliers of the outcome of a procurement exercise, authorisation must be sought and obtained from an appropriate officer as set out above; the proposing officer and/or authorising officer having budgetary responsibility for the programme/cost centre from which the expenditure is proposed.

## NON-COMPETITIVE ACTION (NCA)

There will be occasions when it is appropriate to obtain goods and/or services without a competitive process. Whenever you propose to select a supplier for a contract valued at £2k+ without any form of competition, a clear justification must always be made and approved by the CEO in advance. At present, the CEO is able to sign off NCA up to £10k in value. For values higher than this we would require authority from the Board.

The Scottish Government accepts NCA as being appropriate where there are insufficient grounds for competition. However, NCA should only be granted in exceptional circumstances as without competition it is difficult to achieve value for money and difficult to demonstrate that the procurement process is

robust. Here is the link to the [Scottish Government Procurement Policy re Non Competitive Action](#) which provides more background.

If you decide to go down this route then you must explain why either in the project plan (which establishes the project) or in a subsequent sourcing note, stating the reasons for not going out to tender to allow the CEO to understand the risks and issues involved. Issues that may be relevant include:

- Competition would be costly relative to the value of the contract.
- There is only one supplier for this type of service or goods.

Timescales are not an acceptable reason to use this route.

The CEO must then approve or decline the request before you can proceed. Thereafter it remains your responsibility to ensure that VFM is achieved i.e. this approach should be used legitimately and not to avoid competition obligations.

## UNDERSTANDING REQUIREMENTS

There are several things to be aware of as you begin procurement

### Brief

A clear brief should always form the basis of any procurement exercise (examples). This should explain to the bidders/suppliers what you want them to provide in as much detail as is appropriate. The brief should normally be prepared and checked by a team of at least 2 people, at least one of whom has the authority to authorise the expenditure. Where the risks around the purchase are enhanced such as by the unusual nature of the purchase or the scope of the work being complex, it is advisable to have the brief sanity checked by someone outside the project team and/or of a more senior grade.

### Repeat work

Where there is a need to use a supplier for a series of related purchases the supplier should normally be appointed on the basis of a procurement route that reflects the total estimated value of the purchases. Typically this should be done as a single contract for which one purchase order can be raised and goods/services then ordered and paid for as required.

### Contract

Before appointing a supplier you will need to prepare a contract to use. For the majority of purchases, including consultant appointments, the contract will be formed by the issue of:

- A Purchase Order including a description of the works or – for more complex works - referring directly to a written brief. The brief may be appended for clarity.
- An appended copy of our Standard Terms and Conditions (as published on our website).

Only on projects of a high value (over £20k) or significant complexity will a contract normally be necessary. In such cases advice should be sought from the CEO on the nature of the contract to be used. The Government **standard forms of contract** which should form the basis of any such contracts can be accessed here.

### Quality Based Selection

On occasion, it may be appropriate to advertise on a fixed fee basis. This may occur where you are looking to suppliers to make their best offer in terms of quality, volume etc. If using this route, approval must be sought and confirmed in advance by the authorising officer.

### Framework Agreements

Where there is the likelihood of repeat but unrelated purchases of similar types of goods or services e.g. legal advice, printing or graphic design, we can set up a **call-off contract** with one or more supplier. These are done through a **periodic tender exercise** and based on an hourly/daily rate. Follow the links provided for more details on how to do this.

### **Quality v Cost (Best Value)**

In any decision on purchasing goods and services, it is important to consider the relative importance of quality and cost. This should be done before commencing procurement to ensure it forms part of the submission and assessment process. For some contracts it may be appropriate to weight the decision more heavily on quality while for others a decision will be based more on price – the decision is ultimately one for you to make in discussion with colleagues. Where you are unsure how to proceed you should seek advice.



## **THE BID PROCESS (for all competitive action above £2k)**

### **Approaching bidders**

Once agreement has been reached on the scope of the goods/works to be procured, you are ready to approach bidders explaining what you want from them. The nature of the approach depends very much on the value and complexity of the work, and the best means of reaching the target market, but each bidder should be given

- a clear brief setting out what we want the supplier to do
- the terms and conditions relating to the appointment so that this can be considered in their response, including any additional terms, such as Disclosure Scotland checks or enhanced PII levels. These must be notified to bidders at the beginning of the bidding process and included in the documents issued with the Purchase Order to ensure they form part of the contract.
- a clear note explaining how their bid will be assessed including criteria and weighting.
- a clear instruction explaining how to submit queries during the bidding period and when/how to submit their response.

Example briefing and bid documents can be accessed [here.. \Guidance\Route 1 Brief Document.doc](#) .

### **Dealing with queries**

Once you have issued a brief to potential suppliers, you may receive queries from one or more of them. Where you provide an answer that amends or clarifies the information issued to bidders it is important that this answer is shared with others who have expressed an interested in bidding for the work. The various routes on the PCS web-site provide mechanisms to help with this.

### **Receipt of responses**

Depending on your chosen method, responses to any brief should be submitted via PCS website (if using QuickQuote or related route) or to [contracts@ads.org.uk](mailto:contracts@ads.org.uk) by a pre-agreed time & date. The responses received at the closing date will be receipted and acknowledged by CST before being forwarded to the relevant project manager/team for evaluation.

### **Evaluating responses**

Once you have received responses from potential suppliers you can evaluate these against the pre-agreed criteria and prepare a report setting out the results of this evaluation. It will usually be appropriate to set up a small team to undertake the evaluation, a minimum of 2 staff members should be involved in any assessment, including one of sufficient grade to authorise the expenditure. Where the risks around the appointment are enhanced, such as in cases of very close competition, by the unusual nature of the purchase, high value of contract or any potential/perceived conflicts of interest, then it is advisable to have the assessment sanity checked by someone outside the process and/or of a more senior grade.

If the goods/services (once combined with any other costs associated with the project) cannot be procured within the budget established in the 'in principal' authority to spend, you may not – **irrespective of your delegated authority** – continue to appoint the supplier without obtaining the explicit agreement of the budget holder from whom the additional expenditure is to be found.

The basis of the decision should be recorded and kept on file e.g. in a 'sourcing note'.

### **Standstill period**

Before the supplier is formally appointed, you should advise all the potential suppliers of your decision and allow ten calendar days for them to challenge your decision. This protects you against subsequent challenge which could delay the project.

During this time, Project Teams should provide feedback to unsuccessful bidders, explaining how they arrived at their decision. This should be done promptly and can involve phone-call, letter or email as appropriate. You can tell an unsuccessful bidder their score, ranking and what they were weak on, who else was in the running and who was successful. You cannot tell them what other bidders priced but can tell them how other bidders scored. If the preferred supplier is new, the supplier set-up can be carried out during this time.

Any queries by bidders for clarification or additional information during this period should be directed to experienced staff. Any note of challenge to the contract award must be notified to the management team immediately.

### **Awarding a contract**

Once you are satisfied that the basis of the award is sound, the PO request can be prepared and sent to the CST who will issue the PO together with appropriate terms and conditions and any appendices you request. This issue forms the contract for the purchase.

### **Management of a contract**

You should ensure that provision is made for managing the contract effectively. This may include handling amendments and other variations once the contract is in place, payments stages, documentation and closure. **Guidance** on these issues is available here [..\..\Project Management\Guidance](#).

**APPENDIX 1 : PROCESS FLOW FOR APPOINTMENTS/PURCHASES IN £2-50K RANGE**



