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# **PROCUREMENT MANUAL**

## **2024**

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## **1.0 THE FIRST SECTION: AN OVERVIEW**

### **1.1 Overview**

Public procurement is the process by which public bodies acquire goods, services and works from third parties to meet customer and service user needs. Procurement covers all activities from identification of a requirement through to the end of the useful life or disposal of an asset.

The impact of procurement is far greater than this definition of a 'process'. As detailed in the Council's Procurement Strategy for 2020/21, strategic procurement arrangements can increase commercial excellence throughout the organisation, ensuring that our services deliver best value. Effective procurement arrangements can make significant contributions to a wide range of Council objectives including a successful local economy, a thriving voluntary sector, community involvement and environmental issues as well as delivering value for money. Strategic procurement recognises that it is essential that procurement decisions are taken with a focus on the outcomes that the Council is seeking to achieve.

### **1.2 Best Value**

All purchasing must take place in accordance with the Council's statutory duty to secure best value under the Local Government in (Scotland) Act 2003. This requires the Council to:

Secure continuous improvement in performance whilst maintaining an appropriate balance between quality and cost; and in making those arrangements and securing that balance, have regard to economy, efficiency, effectiveness, and equal opportunities requirements and to contribute to the achievement of sustainable development.

### **1.3 Savings**

[Savings from Procurement](#) should be recorded in line with the Scottish Government's Procurement Benefits Reporting Guidance.

### **1.4 Legal Context**

Underpinning the duty to achieve Best Value, there are several layers of procurement regulation that dictate how public procurement must be conducted by the Council:-

Much of Scotland's public procurement legislation comes from European Directives. Following the UK exit from the EU on 31<sup>st</sup> December 2020 – some technical changes are being made to the procurement regulations (addressed at point 1.5 below);

Scottish legislation and guidance (addressed at point 1.6 below);

Council Contract Standing Orders (addressed at point 1.8 below)

## 1.5 The European context and transition

The UK left the EU on 31 December 2020. It is important to note that most procurement processes and procedures have not changed. References to the EU and EU procurement legislation are being updated or removed nationally and throughout this Manual; any associated Guidance; templates and links to external websites. The powers to make the changes are included in the European Union (Withdrawal) Act 2018 – it should be noted that there are no powers to undertake a wider review of procurement legislation. The changes are largely technical in nature - our procurement procedures remain largely unchanged.

What has not changed - The basic requirements to advertise contracts, observe minimum timescales, and follow rules on technical specifications and award criteria, for example, will remain in place. The requirement to afford equal treatment to bidders from countries which are signatories to the World Trade Organisation's Government Procurement Agreement (the GPA) will also remain. PCS remains the main advertising portal for Scottish Public Bodies.

**What has changed** – changes are largely technical in nature - for example:

- Notices for procurements started after the end of the Transition Period will be routed to Find a Tender (FTS) rather than Official Journal of the European Union (OJEU)
- The ESPD has been renamed the Single Procurement Document (SPD) for new procurements and includes minor revisions to exclusion grounds to remove, for example, offences relating to fraud affecting the European communities financial interests.
- Scottish Ministers will be responsible for reviewing and revaluing the financial thresholds every two years – next review due 2022 which will be consistent across the UK and there is no scope to introduce threshold values that vary from the GPA or OJEU.

## 1.6 Scottish Legislation and Guidance

EU Directives were given effect by:

- The Public Contracts (Scotland) Regulations 2015 (the Regulations)
- The Procurement Reform (Scotland) Act 2014 (The Reform Act)
- Procurement (Scotland) Regulations 2016
- Concessions Contract (Scotland) Regulations 2016 and
- Utilities Contract (Scotland) Regulations 2016

## 1.7 Thresholds: Regulatory

### Procurement Threshold and Contract Value Estimation Changes

Post the UK exit from the EU, the UK is an independent member of the World Trade Organisation Agreement on Government Procurement (WTO GPA).

A new Scottish Policy Note [SPPN 5/2023](#) has been released to communicate threshold changes.

**The WTO GPA procurement thresholds changed on 1 January 2024.**

**From this date when you calculate the estimated value of your contract you must include VAT (if applicable) at the appropriate rate for your contract (or apply the standard UK VAT rate of 20%). More information is detailed below.**

The Procurement Reform (Scotland) Act 2014 threshold values for regulated procurements are not changing i.e. they remain at £50,000 (ex VAT) for Goods and Services and £2million (ex VAT) for Works.

The Public Contracts (Scotland) Regulations 2015 (the Regulations) have been increased commensurate with the addition for VAT. Unless you can show that your contract has no VAT or a lower rate of VAT, it is recommended best practice to add 20% to the net estimated value of your contract. 20% is the current standard rate of VAT. Adding this standard rate will:

- remove the risk of underestimating the contract value and therefore
- ensure you follow the correct procurement route and advertising requirements in line with the new procurement thresholds

If VAT is applicable you must include an allowance in your calculation of the estimated value of the contract to determine whether the contract equals or exceeds the new threshold values.

### Summary of Threshold Levels from 1<sup>st</sup> January 2024

<b>The Public Contracts (Scotland) Regulations 2015</b>	<b><i>New Threshold Value</i></b>	<b><i>Indicative Value excl 20% VAT</i></b>
<b>Supplies and services</b> (except subsidised services contracts)		
<b>Schedule 1 bodies</b>	£139,688	£116,407
<b>Others</b>	£214,904	£179,087
<b>Subsidised services contracts</b> (all bodies)	£214,904	£179,087
<b>Works</b> (including subsidised work contracts – all bodies)	£5,372,609	£4,477,174
<b>Light touch regime for services</b> (all bodies)	£663,540	£552,950
<b>Small lots</b> - Supplies and services	£70,778	£58,982
Works	£884,720	£737,267

## Summary of Threshold Levels from 1<sup>st</sup> January 2024

<b>The Utilities Contracts (Scotland) Regulations 2016</b>	<b>New Threshold Value</b>	<b>Indicative Value excl 20% VAT</b>
<b>Supplies and services</b> (all sectors)	£429,809	£358,174
<b>Works</b> (all sectors)	£5,372,609	£4,477,174
<b>Small lots</b> - Supplies and services	£70,778	£58,982
Works	£884,720	£737,267

<b>The Concession Contracts (Scotland) Regulations 2016</b>	<b>New Threshold Value</b>	<b>Indicative Value excl 20% VAT</b>
Concession Contracts	£5,372,609	£4,477,174

<b>The Procurement Reform (Scotland) Act 2014</b>	<b>New Threshold Value excl VAT</b>
Public Contract (other than Public Works)	£50,000
Public Works Contract	£2,000,000

### 1.8 Thresholds: Local - Contract Standing Orders

Argyll and Bute thresholds which include the current financial thresholds and recommended routes are as follows:

<b>Type</b>	<b>Value</b>	<b>Action</b>
Supplies	£0 - £999	Pricing agreement should be reached prior to purchase, can be done verbally but file note must be kept/ Quick Quote can be carried out if required
	£1,000 - £49,999	Quick Quote (single or dual stage tender if required), use Public Contracts Scotland
	£50,000 - £214,904 - indicative value excluding 20% VAT £179,087	Regulated Contracts (single or dual stage tender)
	>£214,904 - (indicative value excluding 20% VAT £179,087)	Tender – for procurement processes launched after 31 <sup>st</sup> Dec 2020 must be a Find a Tender (FTS) Notice (Open or Restricted tender)
Services - not including *health or social care contracts (see table below)	£0 - £999	Pricing agreement should be reached prior to purchase, can be done verbally but file note must be kept/ Quick Quote can be carried out if required
	£1,000 - £49,999	Quick Quote (single or dual stage tender if required), use Public Contracts Scotland
	£50,000 - £214,904 indicative value excluding 20% VAT £179,087	Regulated Contracts (single or dual stage tender)
	>£214,904 - indicative value excluding 20% VAT £179,087	Tender - must be a FTS notice (Open or Restricted tender)

Type	Value	Action
Works	£0 - £999	Pricing agreement should be reached prior to purchase, can be done verbally but file note must be kept/ Quick Quote can be carried out if required
	£1,000 - £2,000,000	Quick Quote (ITQ or ITT depending on value and scope of works), if applicable use Vendor Rating System (VRS) for distribution list. Use Public Contracts Scotland. Note: If no VRS or other objective method of selection for distribution list use single or dual stage tender from £50k to £2m
	£2,000,000-£5,372,609 Indicative value excluding 20% VAT £4,477,174	Regulated Contracts (single or dual stage tender)
	>£5,372,609 Indicative value excluding 20% VAT £4,477,174	Tender – must be a FTS notice (Open or Restricted Tender)

The undernoted table summarises the different rules that apply to **health or social care contracts**

Value		
£663,540 and above (Indicative value excluding 20%VAT £552,950)	Must be advertised in FTS and the light touch provisions in the Public Contracts (Scotland) Regulations 2015 apply	
£50,000 – £663,539 Indicative value excluding 20%VAT £552,950	May award without seeking offers, but should consider the fundamental procurement principles where relevant. For contracts over £50,000, an award notice must be published on PCS and certain other rules apply ( <b>See Supplementary Guidance Note 18: Health and Social Care Contracts</b> )	May choose to seek offers: in which case all provisions of the Procurement Reform (Scotland) Act 2014 apply
Below £50,000	May award without seeking offers, but should consider the fundamental procurement principles where relevant. For contracts over £50,000, an award notice must be published on PCS and certain other rules apply ( <b>See Supplementary Guidance Note 18: Health and Social Care Contracts</b> )	Non-regulated procurement

Public Contracts Scotland (PCS) remains the main advertising portal for Scottish public bodies. This means that at the practical level there should be no changes in the way that we submit contract opportunity notices – they should still be submitted to PCS in the first instance.

In addition to publication of these notices on PCS, for procurements that have started but not concluded before the end of the Transition Period, notices will also require to be published on Tenders Electronic Daily (OJEU/TED) and will be routed there via PCS. Notices for procurements started after the end of the Transition Period will be routed to the Find a Tender (FTS).

The tables above reflect legal obligations and ensure that we demonstrate value for money and that public money is spent properly. It is important for those carrying out procurement activity to realise the agreed process are about legal compliance and to underpin the commercial approach for achieving value for money and efficiency.

Where compliance with the requirements of the tables referred in the preceding paragraph may not be possible or appropriate due to exceptional circumstances, decision making must be recorded via the following process: the completion of the agreed pro forma known as the justification for non-competitive action (JNCA); advice and involvement of the PCCMT is essential to ensure a clear audit trail and record the reasons for the justification and authorisation at senior level. The JNCA process is outlined in ***Supplementary Guidance Note 18 – JNCA Process & FAQs***.

## **1.9 Timeframes**

Where contract values exceed the threshold, there are also sets a [minimum timescale for tender returns](#). Timeframes in relation to the different routes of procurement are in ***Supplementary Guidance Note 1 – Time Limits***.

## **1.10 Sustainability as Part of the Procurement Activity**

Sustainable procurement means taking into account those social, economic and environmental considerations as part of the procurement process. As a matter of good practice sustainability needs to be built in to the earliest stages of the Journey, when requirements are being identified and specified. With the Procurement Reform (Scotland) Act 2014 the Sustainable Procurement Duty applies to all regulated procurements which commence on or after 1<sup>st</sup> June 2016. See ***Supplementary Guidance Note 2 – Sustainable Procurement and Types of Community Benefits*** for full details.

The aim of Argyll and Bute Council's Sustainable Procurement Policy is to ensure that the Council embeds the principles of sustainability within its procurement activities to ensure that only products and services which can be described as 'best value' are selected and that in all cases a balanced consideration of social, ethical, environmental and economic impacts are undertaken throughout the procurement process.



Argyll and Bute Council is one of the region's major purchasers and as such the PCCMT recognises that its purchasing decisions have social, economic and environmental implications, both locally and nationally, now and in generations to come.

### **1.11 External Bodies**

The Council can procure on behalf of external bodies and partner organisations, it is essential that procurement advice is sought prior to proceeding to ensure that: proper governance arrangements are applied; contracting parties are established and where appropriate an arrangement is in place for the recovery of the cost of procurement services.

Reference should be made to the process for External Bodies in ***Template 1 – Procurement Procedures Template***, and ***Template 15 – On Behalf of External Bodies Templates***.

### **1.12 Overview of the Key Stages of the Tendering Process:**

- Planning: Commodity Sourcing Strategy, market testing, stakeholder engagement etc.
- Advertisement on the Public Contracts Scotland website and/or Find a tender ( FTS )
- Supplier Selection to establish the resources and capability of bidders using the Single Procurement Document - SPD
- Invitation to tender
- Submission of tenders
- Evaluation of bids
- Award Decision
- Standstill (if relevant)
- Contract Award Recommendation Report
- Contract Management

### 1.13 The Procurement, Commercial and Contract Management Team - Contact Details

Name and Contact Details	Name and Contact Details
<b>Anne MacColl-Smith</b> Procurement, Commercial and Contract Management Team Manager Telephone: 01546 604194 Email: <a href="mailto:Anne.MacColl-Smith@argyll-bute.gov.uk">Anne.MacColl-Smith@argyll-bute.gov.uk</a>	<b>Margaret Moncur</b> Finance Manager Telephone: 01546 604427 Email: <a href="mailto:margaret.moncur@argyll-bute.gov.uk">margaret.moncur@argyll-bute.gov.uk</a>
<b>Moirra Logan</b> Commercial Contracts Legal Manager Telephone: 01631 567948 Email: <a href="mailto:Moirra.Logan@argyll-bute.gov.uk">Moirra.Logan@argyll-bute.gov.uk</a>	<b>Elaine Appleby</b> Senior Procurement Officer Telephone: 01369 708594 Email: <a href="mailto:Elaine.Appleby@argyll-bute.gov.uk">Elaine.Appleby@argyll-bute.gov.uk</a>
<b>Samantha Torrie</b> Senior Procurement Officer Telephone: 01546 604145 Email: <a href="mailto:Samantha.Torrie@argyll-bute.gov.uk">Samantha.Torrie@argyll-bute.gov.uk</a>	<b>Emma Graham</b> Senior Procurement Officer Telephone: 01586 555205 Email: <a href="mailto:Emma.Graham@argyll-bute.gov.uk">Emma.Graham@argyll-bute.gov.uk</a>
<b>Andrew Duncan</b> Category Management Officer Telephone: 01436 658958 Email: <a href="mailto:Andrew.duncan@argyll-bute.gov.uk">Andrew.duncan@argyll-bute.gov.uk</a>	<b>Elaine Madej</b> Trainee Contract & Demand Management Officer Telephone: 01631 567807 Email: <a href="mailto:elaine.madej@argyll-bute.gov.uk">elaine.madej@argyll-bute.gov.uk</a>
<b>Ashley MacKay</b> Contract and Demand Management Officer Telephone: 01546 604398 Email: <a href="mailto:Ashley.mackay@argyll-bute.gov.uk">Ashley.mackay@argyll-bute.gov.uk</a>	<b>Mirela Simionov</b> Purchasing Officer Telephone: 01546 604564 Email: <a href="mailto:Mirela.simionov@argyll-bute.gov.uk">Mirela.simionov@argyll-bute.gov.uk</a>
<b>Laura McNaughton</b> Purchasing Officer Telephone: 01586 555958 Email: <a href="mailto:Laura.McNaughton@argyll-bute.gov.uk">Laura.McNaughton@argyll-bute.gov.uk</a>	<b>Daniel O'Donnell</b> Purchasing Officer Telephone: 01436 658844 Email: <a href="mailto:Daniel.odonnell@argyll-bute.gov.uk">Daniel.odonnell@argyll-bute.gov.uk</a>
<b>Sophie Paice</b> Trainee Purchasing Officer Telephone: 01546 604363 Email: <a href="mailto:Sophie.Paice@argyll-bute.gov.uk">Sophie.Paice@argyll-bute.gov.uk</a>	<b>Sharon Brady</b> Trainee Purchasing Officer Telephone: 01631 572922 Email: <a href="mailto:Sharon.brady@argyll-bute.gov.uk">Sharon.brady@argyll-bute.gov.uk</a>
<b>Liz Munro</b> Procurement Analyst Telephone: 01586 555232 Email: <a href="mailto:liz.munro@argyll-bute.gov.uk">liz.munro@argyll-bute.gov.uk</a>	<b>Euan Kennedy</b> Administration Officer Telephone: 01546 604458 Email: <a href="mailto:euan.kennedy@argyll-bute.gov.uk">euan.kennedy@argyll-bute.gov.uk</a>
<b>Rona McGillivray</b> Administration Officer Telephone: 01369 708580 Email: <a href="mailto:rona.mcgillivray@argyll-bute.gov.uk">rona.mcgillivray@argyll-bute.gov.uk</a>	

## 1.14 Procurement Team Responsibilities

### Category Responsibilities:

#### Corporate & Education:

- Senior Procurement Officer: **Emma Graham**
- Category Management Officer: **Andrew Duncan**
- Purchasing Officers: **Laura McNaughton, Daniel O'Donnell**
- Trainee Purchasing Officer: **Sharon Brady**

#### Construction & Environment:

Areas covered by this Category include Building Works & Services; Infrastructure Works & Services; Construction-related Consultancy Services; Construction-related Supplies; and Environmental requirements (including Waste and Renewables). Council Services covered by this Category include Roads & Infrastructure, Commercial Services, and Development & Economic Growth. All requests for new procurements should be sent to the Senior Procurement Officer in the first instance.

- Senior Procurement Officer: **Elaine Appleby**
- Contract and Demand Management Officer: **Ashley Mackay**
- Purchasing Officer: **Mirela Simionov**

#### Care, Early Years & Housing:

- Senior Procurement Officer: **Samantha Torrie** (Category Lead/ Procurement and Contracts)
- Trainee Purchasing Officer: **Sophie Paice** (Housing/Homelessness, Equipment and Collaborative/National Contracts)
- Contract & Demand Management Officer: **Elaine Madej** (Residential Care, Children and Young People's Support and Unpaid Carers)

#### Commercial and Contract Management Team:

Providing legal advice on all commercial contracts, leading on development of contract management framework across Council services.

- Commercial Contracts Legal Manager – **Moir Logan**

## **Procurement Staff by Specific Projects:**

### **PROJECTS**

Spikes Cavell – Scottish Procurement Hub	Liz Munro
Sustainability	Elaine Appleby
Procurement Strategy and Annual Procurement Report	Anne MacColl-Smith Liz Munro
Procurement Manual	Anne MacColl-Smith
Procurement Training	Anne MacColl-Smith Moira Logan
Procurement Commercial Improvement Programme (PCIP) Assessment	Anne MacColl-Smith Liz Munro
PECOS/PECOS Training	Lynsey MacLennan Julie Galbraith Laura Cook
Public Contracts Scotland	Elaine Appleby
IKEN	Anne MacColl-Smith Liz Munro
Supplier Development	Anne MacColl-Smith
Procurements on behalf of external bodies	Moira Logan

## **2.0 THE SECOND SECTION: PROCUREMENT JOURNEY**

### **2.1 An overview of The Procurement Journey for Argyll and Bute**

The Procurement Journey for Argyll and Bute Council (“the Journey”) closely follows the Scottish Government’s Procurement Journey, a tool developed and promoted since 2011 as part of the Public Procurement Reform Programme. This tool has been adapted to provide detailed guidance which supports the policies and objectives of this Council.

The Journey is intended to support all levels of procurement activity where there is not already a contract in place. Following the Journey will help achieve best practice and expected contract outcomes. It will also facilitate procedural consistency throughout the Council making the procurement process easier for tenderers, commissioners, procurement staff and contract managers.

By providing guidance, templates and standardised processes, the Manual should provide the user with an end to end guide for the procurement process from planning to delivery.

### **2.2 Planning Your Procurement**

Planning is a critical success factor in any procurement. The earlier in the process that PCCMT are involved, the better to help avoid limiting options at too early a stage and achieve the outcomes that will best meet service needs and expectations.

### **2.3 Make or Buy Decisions**

For many purchases there is essentially no real “make or buy” decision to be made. The purchase will be for a good, service or work that is completely outside the scope of what the Council as an organisation, produces.

There will in other cases however, be a decision to be made over whether a purchase has to be made or whether there is internal capacity to deliver the goods, services or works required. In such cases it is extremely important that the “make or buy” decision is reached before a formal tendering process is undertaken.

Where a “make or buy” choice results in the decision to “make” then no purchase has been made and none of the procurement rules apply. Therefore in order to keep work “in house” the Council are not required under any procurement rules to make any value justification.

In terms of achieving overall Best Value for the organisation however, officers considering a “make or buy” decision will want to consider the following questions:

- Does the Council have available capacity to meet the requirements of the proposed purchase in house, to the required quality and within the required timescale?
- If so, does the Council's in-house resource deliver this at a competitive cost that is comparable with the cost of purchase?
- Can the Council deploy additional resources to meet the requirements at a cost that is comparable to the cost of purchase?

Other considerations can be taken into account when justifying a decision to deliver a requirement in-house, even if costs are above cost of purchase while still within a competitive market range, such as safeguarding staff resources within the Council, and any other strategic considerations of senior management.

For the above comparisons the cost of purchase should be estimated from previous purchases or should be arrived at through other research. No formal tendering exercise will have been carried out at this point.

If a fully costed "make" option is prepared and there is a wish to compare this to a later tender price then this should form a control bid, which should be communicated within the tender documents. In these situations it should be noted that the Council's "in-house" price is not prepared in competition with external prices and it is in the Council's overall interest if suppliers can submit successful bids in this situation.

From time to time, as part of an overall service review, the Council may wish to explore an option to have services delivered by another method. This may involve services that have previously been delivered by the Council itself, being opened up to competition from other sectors.

If a make or buy decision is anticipated the basis for the decision should be noted using the process and template for decision making within **Template 2 – Make or Buy Approval Template** to ensure proper procedure is followed and an audit trail of decision making is available.

## 2.4 How to Plan

The planning process is captured in an overarching Category Strategy and Commodity Sourcing Strategy covers the planning of separate tenders and frameworks.

Please see **Supplementary Guidance Note 5 – Strategy Development** for full information on the Category and Commodity Sourcing Strategy process, and the contents of the templates. **Template 4 – Strategy Templates** provides the documents to be used in the strategy stage dependant on value. Each template provides full guidance notes for their completion.

Early engagement with the PCCMT at the planning stage should avoid any delay to the process and allow a proper consideration of all the options available. It is essential that time is allowed for relevant market testing and lead times in contracts should be assessed to ensure that there is sufficient time for handovers to be completed and contract requirements to be fulfilled.

This should be taken into account in producing the Commodity Sourcing Strategy. As an example of timescales a low value low risk procurement would use the Quick Quote process which can be carried out within a few weeks (depending upon the complexity and state of readiness of the specification) whereas a more complex tendering process takes around 9–12 months.

## 2.5 Is There An Existing Contract/Framework Provider?

Consider whether your requirement could be met through an existing Scottish, UK wide, sector led or local framework or contract which would provide best value. A framework contract is one where the main elements of the contract have been agreed and which set out the terms under which specific purchases (call-offs) can be made.

If not, and the contract value, including any recurring needs over a four year period, does not exceed £50,000 (for supplies and services)/ £2,000,000 (for works) then generally the 'Quick Quote' facility will be the appropriate advertising route.

All contract opportunities over £1,000 will be advertised on Public Contract Scotland (PCS) portal. Using PCS is a way of ensuring a degree of transparency and a consistent approach amongst public authorities and provides an essential audit trail.

## 2.6 Which Route?

The Procurement Journey guidance should be used to ensure you select the most appropriate Procurement Journey Route:

### 2.6.1 Route 1 – Pricing Agreements

For step by step guide please see Supplementary Guidance Note 7 – Route 1 – Procurement Processes Explained.

### 2.6.2 Route 1 – Quick Quotes

For supplies and services the Quick Quote procedure should be used where possible for purchases between £1,000 and £50,000 using the ***Invitation to Quote (ITQ) Template*** within ***Template 5 – Route 1 – Pricing Agreement, ITQ, ITT & NCA Templates***. For works the threshold is higher and the Quick Quote procedure is applicable for purchases between £1,000 and £2,000,000 (for detailed requirement, see ***Supplementary Guidance Note 7 – Route 1 – Procurement Processes Explained***).

For Route 1 procurements, at least 3 formal quotes are required for all purchases or contracts over £1,000 unless an in-house provider or existing framework or contract is available.

This route provides guidance for procurements of relatively low risk, low value, and of a non-repetitive nature i.e. you should not place contracts for the same works, goods or services on a number of occasions over 4 years unless you already have a framework in place.

### 2.6.3 Route 1 – Single Stage Tender Process

This process should be used for supplies and services contracts up to the value of £50k and for works contracts up to the value of £2,000,000 where it has been decided that the Quick Quote process is not appropriate as there is a requirement to advertise the procurement (for example where there are insufficient suppliers identified to be included within a Quick Quote distribution list). For the detailed requirements of this process, see **Supplementary Guidance Note 7 – Route 1 – Procurement Processes Explained**.

### 2.6.4 Routes 2 & 3

For use of Route 2 & 3, it is assumed that individuals will have been trained in all relevant regulations, the Procurement Journey and our applicable local procurement policies, guidelines and governance arrangements.

The same planning stages at 2.4 above should be followed. Services should not proceed without PCCMT involvement. The Reform (Scotland) Act 2014 introduces thresholds for regulated procurements above £50,000 for goods and services and £2 million for works procedures set out here.

Routes 2 & 3 follow the stages below:

Stage	Title	Supplementary Guidance Note/Template
1	Develop Commodity Sourcing Strategy	<i>SGN 5 – Strategy Development; Template 4 – Strategy Templates</i>
2	Development of the procurement documents and issue	<i>SGN 8 – Routes 2 &amp; 3 – Tender Development; Template 6 – Routes 2 &amp; 3 – ITT Templates</i>
3	Open Tender Returns and Evaluate	<i>SGN 9 – Routes 2 &amp; 3 – Opening and Evaluating Returns; Template 7 – Police Check Template; Template 8 – Evaluation Matrix Templates;</i>
4	Post Tender Clarification and tender review	<i>SGN 13 – Post Tender Clarification and Post Tender Negotiation (PTN); Template 10 – PTN Templates</i>
5	Contract Award	<i>SGN 15 – Routes 2 &amp; 3 – Contract Awards; Template 11 – CARR Templates; Template 12 – Outcome Notice Templates</i>
6	Contract and Supplier Management	<i>SGN 16 – Contract and Supplier Management Toolkit; Template 14 – Contract and Supplier Management Templates</i>

The procurement function must operate within appropriate governance and risk management arrangements for the Council. The appropriate governance will help ensure probity, transparency and consistency of key procurement-related decisions. For large or politically sensitive projects following Routes 2 & 3 this will almost certainly mean setting up a UIG and having senior officer involvement. Consideration should be given to reporting mechanism and governance arrangements in the planning of the project.



## **2.7 Roles and Responsibilities**

There are many stakeholders involved in procurement. The main roles of each are shown in ***Supplementary Guidance Note 4 – UIG Guide Roles and Responsibilities***. Where there is cross-service spend then the instructing customer will normally be the Service with the biggest spend (unless otherwise agreed) for the purposes of approvals, CARRs and contract management responsibilities.

## **2.8 Engaging the Market**

### **2.8.1 Annual Procurement Report:**

An Annual Procurement Report must be published by the Council on regulated procurement activities as soon as reasonably practicable after the end of the financial year. The report must include a look back at the procurement activity over the year and a forward look which should include a summary of the regulated procurements the Council expects to commence in the next two financial years.

### **2.8.2 Prior Information Notice (PIN):**

Buyers may issue a Prior Information Notice (PIN) for early market engagement, to reduce procedural time limits and as a call for competition in restricted procedures or competitive procedures with negotiation, for regulated level procurements.

A PIN can also be used as a call for competition in regulated contracts:

- PINs will follow a standard form and will outline: who the buyer(s) is/are, what is required, the anticipated contract value, the type of contract, and when the requirement should be fulfilled

The following are some key notes about PINs:

- The PIN reduces the minimum timescales for the return of tenders
- The PIN is valid for a period of twelve months from issue.
- The PIN does not create any commitment from the Council to proceed with a tendering exercise.

### **2.8.3 Request for Information (RFI) – Market Tests:**

RFIs are primarily used to gather market information to help make a decision on what steps to take next. In addition to gathering basic information, an RFI is often sent to a broad base of potential suppliers for the purpose of conditioning suppliers' minds, developing strategy, building a database, and preparing for a future tender.

## **2.9 Advertising the Contract**

The Commodity Sourcing Strategy will identify the tender procedure to be used commensurate with the tables at section 1.8. The most commonly used procedures are listed at (a) to (f) below. The Regulations provide for the following procedures

- (a) Open Procedure
- (b) Restricted Procedure
- (c) Single Stage Procedure
- (d) Dual Stage Procedure
- (e) Closed/Quick Quote Procedure
- (f) Frameworks which includes reference to Mini competitions
- (g) Competitive procedure with negotiation- use when justifiable
- (h) Competitive Dialogue – use when justifiable
- (i) Innovation Partnership - use when justifiable
- (j) Negotiated Procedure without prior publication – only in permitted instances

The key differences between the commonly used award procedures adopted by Argyll and Bute Council are summarised below.

### **2.9.1 Open Procedure:**

Relevant to regulated level procurements.

Under the open procedure all interested parties are entitled to request tender documents. In general the use of the open procedure is not recommended as best practice except in cases where the market is extremely restricted in the number of likely bidders.

Where the open procedure is used the capability is firstly assessed using the Single Procurement Document and if a pass achieved contract award criteria is thereafter evaluated on a Technical/Commercial basis, with the award going to the Most Economically Advantageous Tender (MEAT). This award criteria is the only way that procurements within the scope of Public Contracts (Scotland) Regulations 2015 may be carried out.

### **2.9.2 Restricted Procedure:**

Relevant to regulated level procurements.

Under the restricted procedure, the Single Procurement Document (SPD) is used to allow suppliers to demonstrate their qualifications and how they are selected to bid. The SPD is mandated for use for all procurements with an estimated value of regulated threshold and above commenced on or after 18<sup>th</sup> April 2016. It is important to note that while a Technical/Commercial mix is used in tenders issued under the restricted procedure, no further judgements should be made on the bidder's ability or capacity to perform the contract. Having gone through a selection procedure the short listed bidders are deemed to be capable of carrying out the contract. Their approach to the contract may still be subject to scoring as part of a quality assessment.

### **2.9.3 Single Stage Procedure:**

Relevant to Regulated procurements.

This is the national equivalent of the open procedure – all interested parties are entitled to request tender documents. In general the use of the single stage procedure is not recommended as best practice except in cases where the market is extremely restricted in the number of likely bidders.

Where the single stage procedure is used the capability is firstly assessed using the Single Procurement Document and if a pass achieved contract award criteria is thereafter evaluated on a Quality/Price basis, with the award going to the Most Economically Advantageous Tender (MEAT).

### **2.9.4 Dual Stage Procedure:**

Relevant to Regulated procurements.

This is the national equivalent of the restricted procedure, the Single Procurement Document (SPD) is used to allow suppliers to demonstrate their qualifications and how they are selected to bid. It is best practice to use the SPD for regulated procurements below regulated thresholds.

It is important to note that while a Quality/Price mix is used in tenders issued under the dual stage procedure, no further judgements should be made on the bidder's ability or capacity to perform the contract. Having gone through a selection procedure the short listed bidders are deemed to be capable of carrying out the contract. Their approach to the contract may still be subject to scoring as part of a quality assessment.

### **2.9.5 Quick Quote Procedure:**

Under the quick quote procedure the tender documentation is to be issued to a restricted list of at least 3 suppliers with every effort normally being made to identify a minimum of 5 companies who may be interested in tendering. Whenever possible where the closed procedure is used the contract award criteria should be based on a quality / price mix, with the award going to the Most Economically Advantageous Tender (MEAT). In other cases, where quality is an absolute (mandatory or legislative), award can be made on the basis of lowest price, provided it meets the legislated threshold.

The Quick Quote should normally be issued via the 'Quick-Quote facility' on Public Contracts Scotland.

### **2.9.6 Framework Contracts:**

The Council is only allowed to participate in contracts that they have been named as part of from the offset, i.e. named on the contract notice during the advertising stage. If the service wishes to use a particular framework then they should contact their relevant purchasing officer in the first instance and they will check if the framework can be used.

A framework contract is often used where the extent of the purchase is not known or where it is anticipated that several suppliers will be engaged on the contract over a specific period of time. A framework contract may be let to either a single bidder or three or more bidders, but not two. It is possible that a framework can be tightly specified in terms of unit price and deliverables but this is not always the case. Where it is not possible to arrive at specific prices it is possible to apply only pricing to core items or indeed have quality only criteria for inclusion in the framework. In such case, selection to specific supply under the framework would be undertaken by mini-bid, which may itself be price only or quality of submission for a specific supply.

### **2.9.7 Mini competitions:**

Where frameworks are awarded to several economic operators there are two options for awarding call-off under the framework;

- (a) Apply the terms of the framework agreement (Direct Awards)
- (b) Hold a mini competition

Under option (a) – where it is possible to determine the Best Value supplier as the tender assessed as having submitted the most economically advantageous tender from the pricing and quality submitted to get onto the framework agreement then direct award is the only option available, i.e. there must not be further competition unless that first ranking supplier does not have capacity. If that supplier does not have capacity then the second ranking supplier may be approached.

Where the terms laid down in a framework agreement are not precise enough or complete for the particular call-off, a further or mini competition – option (b) - may be held with all those suppliers within the framework capable of meeting the particular need. It is important that all suppliers on a framework are invited to take part in the mini competition in the first instance; assumptions should not be made regarding their capability.

## **2.10 Other Considerations**

### **2.10.1 Benchmarking:**

The primary concern of benchmarking is measuring and assessing performance against identified best practice, with the aim of developing ways of matching or bettering that performance.

Competition is not always a perfect measure and the lack of a ready market for some services combined with barriers to entry in some industries, means that competition does not always ensure value for money. Key indicators that competition is not perfect may include;

- Few available bidders
- One or two dominant suppliers
- Lack of new entrants to bidding lists
- Demarcation between suppliers

Public Contracts Scotland portal can be used as a tool to aid benchmarking recent contract awards can be identified which might suggest a similar way of working. The Scottish Procurement Information Hub holds the procurement spend by supplier for every Scottish public sector body and those spends, either collectively or individually for named organisations, by commodity category can be compared to our own.

### **2.10.2 Demand Management:**

While procurement activity and strategic sourcing in particular focus on the price and quality of purchases that are made, demand management concentrates largely on the quantity that is purchased. The focus of demand management is on consumption.

#### **Managing Consumption:**

The greatest single cost saving that can be made from any procurement exercise is the single, simple decision made at the beginning of the process, not to make the purchase. This obviously is not a decision that is available on many purchases; otherwise saving money through procurement would be an extremely simple business.

While the Council will be initiating individual demand management programmes for areas of indirect expenditure the following principles should be applied generally to purchasing decisions. Some examples are provided below:

#### **Paper and Stationery:**

1. The Council purchases paper and stationery from national contracts. Ensure that you are using the contracted supplier for all purchases.
2. Ensure that the purchase is necessary and that no better alternatives are available from the large catalogue of stock that the contracted supplier has made available through the national contract.

#### **Office Equipment:**

1. Printing, scanning and photocopying devices (Multi-functional devices) are the largest items of office equipment used by the Council. The Council leases this equipment through a national contract. Please ensure that all purchases are made from the contracted supplier.
2. The national contract is designed so that the supplier benefits from the number of prints, scans or copies produced rather than the number of multi-functional devices deployed across the Council. Reducing the number of devices benefits the Council through reduced leasing charges and benefits the supplier through reduced capital and maintenance costs. Ask for assistance from the contracted supplier in deploying the machines as effectively as possible within individual offices.
3. Direct as much print as possible away from desktop printers to the contracted multi-functional devices and save money on print costs.

## **ICT Hardware and Software:**

1. Ensure that purchases of IT hardware and software are only made to meet a defined business demand and that specifications are tailored to the most cost effective means of meeting that demand.
2. Always use the IT Service desk when purchasing IT hardware, software or peripherals to ensure that the specified equipment will be compatible with present and planned applications.

## **Consultants:**

1. Can the project be delivered in- house. Never employ a consultant in order to deliver more bodies on the ground, whatever the task. The Council has a large workforce with diverse skills and has access to temporary recruitment agencies who can supply staff to work under Council management at competitive rates - access Guide to recruiting agency workers on the Hub.
2. Always have a clear specification of the work to be carried out and be aware of the clear advantages that the specialist skills of a consultant will bring to the task. Ensure the consultant is provided with a copy of the guide on engaging external consultants
3. Ensure that the contract has clear and specified deliverables and that it is clear that those have to be met in order for payment to be released.
4. Use ***Supplementary Guidance Note 19 – Guide for Consultants Engaged with Argyll and Bute Council.***

### **2.11 Lessons Learned**

Planning is a continual process and PCCMT should use lessons learned to inform current and future plans. Lessons learned reports should be prepared for all route 3 contracts, for route 2 contracts if there is a substantial issue in relation to quality, time or cost and a sample of route 1 contracts where considered appropriate by the Procurement Officer. The ***Lessons Learned Template*** within ***Template 14 – Contract and Supplier Management Templates*** can be utilised throughout the procurement process or at contract award stage

### **2.12 Contract Implementation and Management**

All contract implementation and management should be undertaken in line with ***Supplementary Guidance Note 17 – Contract and Supplier Management Toolkit.***

## Tables of Additional Documents

**Please Note** – Supplementary Guidance Notes and Templates are available from the Procurement, Commercial and Contract Management Team.

Supplementary Guidance Notes	Description
Supplementary Guidance Note 1	Time Limits
Supplementary Guidance Note 2	Sustainable Procurement and Types of Community Benefits
Supplementary Guidance Note 3	Argyll and Bute Council - Community Benefits Clauses in Procurement Guide
Supplementary Guidance Note 4	UIG Guide - Roles and Responsibilities
Supplementary Guidance Note 5	Strategy Development
Supplementary Guidance Note 6	Insurance Requirements in Procurements
Supplementary Guidance Note 7	Route 1 - Procurement Processes Explained
Supplementary Guidance Note 8	Routes 2 & 3 – Tender Development
Supplementary Guidance Note 9	Routes 2 & 3 - Opening and Evaluating Returns
Supplementary Guidance Note 10	Evaluators' Roles and Responsibilities Guide
Supplementary Guidance Note 11	Financial Checks
Supplementary Guidance Note 12	Abnormally Low Tenders Process
Supplementary Guidance Note 13	Post Tender Clarification and Post Tender Negotiation
Supplementary Guidance Note 14	Failed Procurements & Abandonment of Tenders
Supplementary Guidance Note 15	Routes 2 & 3 - Contract Awards
Supplementary Guidance Note 16	Savings & Benefits Collating & Reporting Methodology
Supplementary Guidance Note 17	Contract and Supplier Management Toolkit
Supplementary Guidance Note 18	JNCA Process & FAQs
Supplementary Guidance Note 19	Guide for Consultants Engaged with Argyll and Bute Council
Supplementary Guidance Note 20	Health and Social Care Contracts
Supplementary Guidance Note 21	Transactional Purchasing Team Guide
Supplementary Guidance Note 22	Mini Competitions
Supplementary Guidance Note 23	On Behalf of External Bodies
Supplementary Guidance Note 24	Grants, Services & SLAs
Supplementary Guidance Note 25	State Aid
Supplementary Guidance Note 26	Glossary
Supplementary Guidance Note 27	Health & Safety Approvals Process
Supplementary Guidance Note 28	Performance Bonds, Collateral Warranties and Retention

<b>Table of Templates</b>	<b>Description</b>
Template 1	Procurement Procedures Template
Template 2	Make or Buy Approval Template
Template 3	RFI & PIN Templates
Template 4	Strategy Templates
Template 5	Route 1 - Pricing Agreement, ITQ, ITT & NCA Templates
Template 6	Routes 2 & 3 - ITT & NCA Templates
Template 7	Police Check Template
Template 8	Evaluation Matrix Templates
Template 9	Abnormally Low Tender Templates
Template 10	PTN Templates
Template 11	CARR Templates
Template 12	Outcome Notice Templates
Template 13	Tender Review Form Template
Template 14	Contract and Supplier Management Templates
Template 15	On Behalf of External Bodies Templates

<b>Version</b>	<b>Author</b>	<b>Date</b>	<b>Changes</b>
3.1	LM	12/12/2023	Updated - Item 1.7 & 1.8 - procurement threshold values in line with SPPN 5/2023 Item 1.13 – Contact Details Item 1.14 – Procurement Team Responsibilities
3.0	RM	29/05/2023	SGN 28 added to table of additional docs
2.9	LM	28/04/2023	Updated PCCMT Contact Details/Roles – Pages 10-12
2.8	LM	31/08/2022	Updated PCCMT Contact Details
2.7	ML/LM	14/01/2022	Updated PCCMT Contact Details/Procurement Thresholds
2.6	ML	22/02/2021	EU Exit Arrangements
2.5	LM	11/09/2020	Format for Accessibility
2.4	AMS	22/06/2020	
2.3	ML/EA	22/01/2020	
2.2	ML/EA	04/09/2019	
2.1	ML/EA	23/05/2019	
2.0	ML/EA	25/09/2018	2018 Finalised Version
1.1	ML/EA	04/09/2018	Version Control Added