



Further Education
Library of Procurement

An Introduction to Procurement in FE Colleges

How to get started

Contents

SECTION 1: PROCUREMENT – AN OVERVIEW	4
1.1 About procurement	4
1.2 Getting your priorities right.....	5
1.3 Value for money	6
1.4 Review – where are you now?	8
1. 5 Where to get help or more information	10
SECTION 2 – THE PROCUREMENT PROCESS	11
2.2 Plan the process	12
2.3 Prepare documentation	14
2.4 Identify suppliers.....	16
2.5 Invite potential suppliers to quote or tender.....	19
2.6 Receipt and opening of submissions	20
2.7 Evaluate submissions	23
2.8 Clarification and agreement of price and terms	27
2.9 Award and implementation of a contract	29
2.10 Take delivery of goods or services.....	31
2.11 Pay suppliers	33
2.12 Monitor supplier performance	35
2.13 Reviewing the Procurement Activity.....	38
SECTION 3: PUTTING STRUCTURES IN PLACE.....	42
3.1 Setting up a Procurement Group.....	42
3.2 Creating a procurement strategy	44
3.3 Winning buy-in from colleagues	46
3.4 Minimising risks and their consequences	47
3.5 Ethical Behaviour.....	48
3.6 Benchmarking your procurement function.....	49
SECTION 4 – USEFUL CONTACTS.....	52

Introduction

If you are taking on procurement responsibilities you need to know about the key processes, why they are important and how to carry them out.

The Introduction to Procurement is designed to give you basic information on this and, in addition, there are links to a series of Guides which give more in-depth information on specific topics and also links to sites where further help and information is available.

Procurement is not just about buying. It's a complete cycle that starts with identifying a need through to the disposal of goods, the completion of a service or the end of a contract.

Its aim is simple: to acquire, in the most efficient way possible, the best possible value for money from external suppliers, or from in-house providers.

SECTION 1: PROCUREMENT – AN OVERVIEW

1.1 About procurement

Procurement is not just about buying. It's a complete cycle that starts with identifying a need through to the disposal of goods, the completion of a service or the end of a contract.

Its aim is simple: to acquire, in the most efficient way possible, the best possible value for money from external suppliers, or from in-house providers.

This diagram shows the main stages of a full procurement process. Each stage is covered in this document and, where more detailed information is required, a "How to" Guide has been produced.



1.2 Getting your priorities right

If you have just taken on a procurement responsibility – be it large or small – you may be faced with a daunting array of tasks to bring your college’s procurement into line.

Do not panic. You do not need to put everything in place straight away. Procurement processes are flexible and versatile – they can be adapted and built up over time, creating an increasingly efficient system.

Start by:

- Understanding who your ‘customers’ are so that you can begin to build good working relationships with them
- Prioritising tasks that are relatively easy to achieve and that will quickly make a difference

Remember, every journey starts with a single step.

Into action

First, if you’re new to the college, find out “who’s who” and how the purchasing is handled now. There will probably be people who ‘do the buying’ for their own areas - identify and speak to them. They will have a wealth of knowledge of what is being bought in their area, so seek to develop a strong working relationship with them. How you do this will depend, in part, on the type of procurement structure that’s in place in the college and your approach to developing your role.

Secondly, you need to get a feel for what the college is buying and from whom. The people you meet and speak to will know lots about their own area, but, not necessarily on a college-wide basis. There are a number of ways that you can do this. The simplest is to find out who your suppliers are and how much the college has spent with them over a 12-month period. See [A Guide to Supplier Spend Analysis](#).

Having obtained an overview of the college’s spend, the next task is to prioritise your actions. You will not be able to do everything at once; however, you will be able to set priorities and develop a plan of action by:

- Deciding on what is important, in line with your college’s business needs
- Focusing on specific areas of spend to get maximum benefit from the effort you put in
- Looking at where savings can be made
- Setting out your short-, medium- and long-term goals, based on the effort required and potential savings
- Identifying any areas of risk or poor practice that need improvement
- Obtaining senior management buy-in

Benefits to the college

Identifying colleagues already involved in purchasing goods and services for the college, building strong working relationships with them and prioritising your procurement tasks will enable you to:

- Make some 'quick wins', by using purchasing arrangements that are available to the college, such as, framework agreements set up by [purchasing consortia](#)
- Identify your high spend areas, speak with key staff, agree the best way forward and put in place formal agreements to reduce risk, among other benefits
- Identify where you have a number of suppliers for the same goods or services and, again in discussions with college staff, seek to bring this spend together, improve your bargaining power and achieve better value for money (see below)
- Introduce new processes, such as [procurement cards](#)

These changes can be simple to implement and you'll soon notice the benefits. Keep a record of your achievements using the [Efficiency Measurement Model](#) as this will demonstrate the benefits achieved through improved procurement practices.

By making the changes described above, the college's processes will be more robust and will ensure scrutiny by internal and external audit has a more satisfactory outcome than previously was the case.

1.3 Value for money

A key benefit from introducing improved procurement processes is achieving greater value for money. Gaining the best possible value for money isn't about obtaining the lowest price. It's about obtaining the right product or service and involves taking the 'whole-life' cost and the quality of the goods, services or works you need into account. This includes, but is not limited to:

- Delivery charges
- Installation costs
- Service and maintenance charges
- Running costs
- Reliability
- Cost of disposal
- Staff training



Good practice: [A Guide to Whole Life Costing](#) will help to identify the most cost effective product or service which will meet user needs.

The five rights (5Rs)

One method to deliver value for money is known as the 5 Rs and can be easily adopted within your college:

The 5 R's:	What this means to you:
• The Right quality of goods	• Obtaining goods that are fit for the purpose to which they will be put
• In the Right quantity	• In quantities that are appropriate to your needs
• At the Right time	• In time for when you need them so that you're not waiting for them to arrive or, at the other extreme, holding unnecessary stocks
• From the Right supplier	• From suppliers that understand your needs, with whom you've agreed terms and that provide you with a high quality service
• At the Right price	• At prices that reflect market conditions and represent good value i.e. paying less for the same quality of goods or paying the same price for a higher quality (where that higher quality is justified)



Good Practice: In addition to the 5Rs above, you may wish to consider [sustainability issues](#) such as the 'right packaging'.

How do you know you are achieving value for money?

There are currently 5 ways in which the colleges identify how they have saved money or improved efficiencies:

- **Price** – the goods and services purchased genuinely save money over the life of the purchase (known as the whole-life cost of a product or service) or, where needed, you purchase better goods or services for the same price
- **Added value** – where, as part of the purchasing agreement, you achieve additional benefits, such as free training or a longer warranty period on a piece of equipment at no extra cost
- **Reduced risk** – the chances of suppliers going out of business and/or not fulfilling their obligations to you are managed through a full assessment of their capabilities. This is where you try to ensure that the firms you deal with are financially strong (especially when you are buying high value and high profile goods and services) or where you are making staged payments on a high value requirement
- **More efficient processes** – is about working smarter and not harder. It's about streamlining processes using [procurement cards](#) (which are similar to a credit card), working in [collaboration](#) with other colleges to share the work of setting up and managing

tenders/contracts or using [e-procurement](#) i.e. doing things electronically to reduce time and effort

- **Sustainability** – the future well-being of the college is reliant on it remaining viable and getting the most out of every £1 it spends. Sustainability is also about how the college conducts and completes its purchasing by seeking to improve its environmental, economic and social impact, working with staff within the college, with other colleges and with your suppliers

Benefits to your college

The more efficient your procurement processes, the more your college will benefit. For example:

- Better value for money that releases funds to invest in new facilities – attracting more students, and improving staff morale and retention
- Reduced exposure to risk
- Improved supplier performance
- Less paperwork and administration (and associated time and costs)
- Conformance with Government procurement policies
- Conformance with legal and [Ethical Standards](#)
- Compliance with [European Union \(EU\) procurement legislation](#)

1.4 Review – where are you now?

To work out an effective plan of action, you need to know exactly where your college stands regarding procurement. This means that in addition to knowing what you buy and who from, you also need to:

- Identify what, if any, contracts are in use by the college. These may be listed in a [Contracts Register](#) or, if one doesn't exist, you can set one up
- Speak with the college's budget holders, senior staff members and your finance department
- Identify areas of existing good procurement practice
- Identify who at the College is currently involved in procurement
- Benchmark the prices being paid for the same goods and services within the college, compared to other colleges or organisations



Good Practice: If you don't have a [Contracts Register](#) make it a priority to set one up.

Into action

As you begin to analyse the information you have gathered, be clear about what you need to know. Begin by identifying which areas of spend are within your control or can be influenced by you, by carrying out a [Spend Analysis](#).

From your initial analysis, you should be able to determine:

- What **current college contracts/agreements** are available and when they are due to be renewed
- Where you can benefit from existing **consortia agreements**
- Any **urgent or high-profile projects** that will need procurement support
- Any **areas of high risk**, such as where legislation is being breached or where there is danger of non-supply. See [A Guide to Managing Risk](#)
- Where there are **price differences** for the same, or very similar, goods and services within the college or in comparison with other organisations. For example, if you identify different prices for the same items within the college, seek to obtain the best available price for all areas. See [Benchmarking your procurement function](#)
- Opportunities to **collaborate** with other organisations. See [example of collaboration](#)
- The **procurement resources**, expertise and, possibly, help you need to carry out the work

To get the best value from the goods and services you buy, you need to have a basic strategy and some key processes in place. Click on the following for more information:

- [Procurement strategy](#)
- [A Guide to e-procurement](#)
- [Procurement cards](#)
- [Quotation and tender processes](#)
- [A Guide to Project Management](#)

Benefits to the college

When reviewing the college's procurement spend, there will be a number of areas identified that require action. For example:

- An area of spend needs to be placed on a more formalised footing. This may involve migrating to an existing framework agreement or conducting a tender exercise to set up a contract or framework, or
- A formal arrangement is in place but is about to expire and needs to be renewed

- The benchmarking of prices has highlighted different prices being paid within the college that will enable you to achieve some 'quick wins' by getting everyone paying the lowest price) and may indicate other areas of opportunity

The understanding gained through prioritising will enable the college to:

- Maximise the use of staff time by
 - Identifying available frameworks and other arrangements
 - Reducing the time spent 'fire-fighting' and putting in place less than perfect arrangements because something has to be 'sorted'
 - Planning the college's short, medium and long term procurement work
- Achieve 'quick wins' by
 - Moving all areas onto the best price available to the college
 - Moving areas of spend onto available frameworks, releasing your time to concentrate on other areas where no arrangements exist



Good Practice: Once you are comfortable with the process, you may wish to use the following tools to help you to further refine your approach

- [Pareto \(80:20\) Analysis](#)
- [A Guide to Supply Positioning](#)

1. 5 Where to get help or more information

[Crescent Purchasing Consortium Regional Procurement Advisors](#) are able to offer support and advice on:

- Contracting and tendering
- Procurement and management information systems
- EU related tender exercises
- Meeting training needs

SECTION 2 – THE PROCUREMENT PROCESS

If you are taking on procurement responsibilities, you need to know about the key processes, why they are important and how to carry them out.

The Introduction to Procurement is designed to give you basic information on the key processes, why they are important and how to carry them out. In addition, there are links to a series of “A Guide to...” which give more in-depth information on specific topics and also links to sites where further help and information is available.

The procurement cycle as depicted in [Section 1.1](#) consists of 12 elements. A brief overview is provided for each with links to more detailed guides.

2.1 The Need to Buy

Every purchase begins with the identification of something that someone wants to have, therefore, before inviting quotations or tenders or, simply, placing an order, ask if there really is a need to make a purchase. It's an obvious question. But it's surprising how often solutions other than buying can be found e.g. upgrading equipment rather than buying new or, indeed, not making the purchase at all.

Into action

Different colleges have different ways of identifying what they need to buy. Ideally, there should be a formal method of requesting goods and services which provides a clear audit trail from request to delivery to payment.


When a request arrives, don't be afraid to ask questions. It's part of the procurement role. Ask:

- Are the goods or services really needed?
- Is there an alternative to purchasing goods? e.g. can we borrow from other departments or perhaps lease over a short period of time?
- Are there any other costs – such as delivery, consumables, training or maintenance – associated with this purchase?
- Are sufficient funds available?
- Do the goods and services comply with college's procurement strategy e.g. its sustainability strategy?
- Do goods need to be compatible with other equipment? If yes, why? For example, if the college uses brand X computers it is not essential that the next purchase is for the same brand; it is the ability to operate the software that is important, not the branding on the equipment

Benefits to the college

Questioning the need to buy and involving users in the process may save your college from making expensive mistakes. It should be part of a formal process for requesting goods and

services, which will help ensure the right goods and services are ordered and delivered on time and to the right person or department.


	<p>The right specification will help you ascertain the need to purchase See A Guide to Specification Writing</p>
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2.2 Plan the process

Once you have established a need for goods or services, you can start planning the procurement process. The first questions you need to ask are

1. What is the value of what I'm wishing to purchase? Is it a one-off or will there be an on-going need? Will other departments, schools or faculties within the College have the same or similar requirements? Can these requirements be aggregated to make the contract more attractive to potential suppliers? The answers will determine what procurement route you will need to follow and
2. Is there an existing contract or framework agreement that the college can use e.g. one set up by the Crescent Purchasing Consortium, Crown Commercial Services or another consortium?
3. Who else needs to be involved in the procurement process – end user, senior management, budget holder?

If a consortia arrangement is available, then you need to understand how the framework is to be used and follow the instructions. See [A Guide to using Framework Agreements](#)

	<p>Using existing contracts or frameworks will save time as suppliers will have been approved and prices agreed. Prices are likely to be lower than you may achieve on your own because of the anticipated combined volume of all users of these agreements.</p>
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Where there isn't an available framework, you will need to refer to

- Your college's existing procurement policy and procedures, to determine the appropriate competitive route to identifying the correct supplier that will meet the college's needs.

The estimated value of the requirement will dictate whether you need to:

- Invite quotations or tenders for the supply of goods and services under the college's own procurement rules, or
- Conduct the procurement under the [EU procurement rules](#) where the estimated value over the life time of the contract or appointment exceeds the [EU thresholds](#)
- Before, starting on a tender exercise, consider whether you could:


- Join forces with other colleges/organisations to form a [collaborative group](#)
- Handle the procurement as a single college

Into action

If there is a suitable consortia framework agreement in place you may need to undertake further competition. Before undertaking further competition please read [A Guide to Using Framework Agreements](#) which gives relevant guidance.

Where no consortium arrangement is available, working as a collaborative group with other colleges or organisations will help you to bring your requirements together and should save you time and money because

- The higher value of your combined requirements will be more attractive to suppliers
- The shared effort of creating and managing the collaborative arrangements will give you access to more, good, purchasing arrangements


	<p>If no suitable consortia agreements exist, consider whether it's worth joining forces with other local colleges or the procurement department at your local authority.</p>
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Decide on how you will run the procurement

You need to think about the number of potential responses that you could receive when your tender is advertised and use this information to help you decide the type of approach you wish to take when running the tender. For example, if there are likely to be lots of suppliers, consider using a two stage approach by asking suppliers to apply to be considered for the tender opportunity. Note: a pre qualification stage is not permitted in procurements below The EU threshold. More information on this can be found on [FELP](#).

Agree a timetable for the procurement

It is important that you have a timetable for the procurement, especially if there is a deadline when the goods, services or works have to be delivered or completed by. You need to plan and book time in peoples' diaries if you will need their involvement in developing the specification and helping with the evaluation of the submissions

	<p>Having a Tender Timetable or Contract Checklist will help to ensure that relevant tasks are identified and completed at the right time</p> <p>See A Guide to Project Management, A Guide to Managing Above EU Threshold Tenders and/or A Guide to Managing Below EU Threshold Tenders</p>
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2.3 Prepare documentation


About documentation

The documentation you need will depend on whether you are going for:

- an informal quotation
- a formal quotation
- tenders below [EU thresholds](#)
- tenders above [EU thresholds](#)

Whichever route you choose all invitations to quote or tender must contain a specification for the goods or services required. See [A Guide to Specification Writing](#)

The documentation used, and the specification required, will depend on what it is that you are buying, its value and its complexity.

	<p>Where you are using one of the Crescent Purchasing Consortium's or Crown Commercial Services ' framework agreements, it may be possible to use CPC's automated Request for Quotation (RFQ) facility or CCS e-sourcing facility.</p> <p>Using the RFQ facility helps to simplify the process</p>
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Into action

If you don't already know them, you must find out about your college's financial thresholds for inviting quotations and tenders. See the [Good Practice Guidance for Financial Thresholds](#) for some examples.



You need to estimate the anticipate value of whatever it is you wish to purchase

If the estimated value exceeds EU thresholds then you will need to follow the [EU tender process](#) or use an available framework agreement.

	<p>If you are running an EU tender, consult A Guide to Managing Above EU Threshold Tenders first to ensure you comply with EU regulations.</p>
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One of the most important documents you need to write is a specification and it is imperative that the end-users are involved in its preparation. [A Guide to Specification Writing](#) provides further information.

You will also need to consider how you will identify (select) suppliers that are capable and have the capacity to meet your needs. To do this you need to develop selection criteria. Having identified capable suppliers, you need to be able to decide which submission(s) best meets your needs. You do this by identifying award criteria and using them to evaluate the submissions. See [A Guide to Selection and Award Criteria](#).

	<p>The criteria you use to select suppliers and award contracts <u>must</u> be kept separate and detailed in the Invitation to Tender documents if above EU threshold amount. You must ensure that any award criteria relate to the subject matter of the contract. We advise you to do the same for all tenders, including those below the EU threshold.</p>
	<p>Where an existing framework is used the suppliers will have already been assessed against pre –determined selection and award criteria. It is important that you use the award criteria detailed in the framework agreement when awarding contracts under the framework.</p>


Generic quotation and tender documents

Your college's Procurement and Financial Regulations will state the financial levels at which staff need to obtain competitive prices for their proposed purchases.

Where your requirement is for a low value, and what you need is fairly simple to describe you may only need a simple document that describes what you need and the supplier completes it before sending back to you. See an [example quotation form](#) and [A Guide to Low Value Purchases](#)

If your requirement is complex or of a higher value, more formal documentation should be used. A number of templates are available for you to use:

- [Invitation to quote](#) and [Generic Tender Documentation](#)
- [A Guide to ITT Pricing Schedules](#)
- [A Guide to Standard Terms and Conditions of Contract](#)
- [A Guide to Drafting Invitation to Tenders](#)

	<p>Creating a suite of quotation and tender documentation templates will save you time and reduce the risk of making mistakes. There are a number of sample templates available on FELP and used in conjunction with the sample tender specifications, they can help you prepare your tender documentation.</p>
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Benefits to the college

Quotation and tender documentation makes the procurement process more efficient. A well planned set of quotation and, especially, tender documents will:

- Explain to the bidders what it is you are looking for (called the specification), enabling them to submit a realistic offer to you
- Make the evaluation and decision process easier
- Increase significantly the likelihood of the college achieving a value for money outcome that meets its needs
- Conforms to the college's regulations and legislation, including the EU legislation
- Receives the correct goods and service at the right time
- Reduces exposure to risk
- Captures valuable management information, enabling you to share knowledge and improve procurement processes
- Provide an audit trail of the process followed when making the procurement decision



When using templates please check to ensure that they are relevant to the goods or services which are to be purchased. For example, the T&Cs for a cleaning contract will not be the same as the T&Cs for the supply of equipment

2.4 Identify suppliers

About identifying suppliers

At this point you need to make potential suppliers aware that you are inviting quotes or tenders for the supply of goods and services. How you go about doing this depends on the value of the requirement, the process you are following, your college's policy and procedures and, if it is of a high enough value, the EU legislation.



Where an existing framework is used the suppliers will have already been assessed against pre –determined selection and award criteria thus saving you time and should provide you with a good value for money outcome

Many colleges have lists of suppliers that they use, or have used, in the past. The list is often held on the college's financial system. However, the list may be out of date and is sometimes little more than a record of which suppliers have been used in the past. If the college decides that it wishes to operate an approved supplier list, you need to consider how you will set it up as this will need to be carried out in an open and transparent way. For more information on how to do this, please see [A Guide to Developing an Approved Supplier List](#) and [A Guide to Supplier Appraisal](#).



Review your approved supplier list annually to make sure information is correct and that suppliers are still able to meet your requirements

For higher value or more complex requirements, it will be appropriate to publish an advertisement seeking suppliers to submit tenders for your requirement, rather than you simply selecting from your approved supplier list. All advertisements for contracts over £25,000 must be published on [Contracts Finder](#). Also, given its potential value, it is likely that the requirement would fall under the EU procurement legislation and need to be advertised in the Official Journal of the European Union (OJEU).



If you are running an EU tender, consult the [A Guide to Managing Above EU Threshold Tenders](#).

For more information on advertising in below EU threshold tenders see [A Guide to Managing Below EU Threshold Tenders](#).

Benefits to the College

The robust identification of suppliers to meet your college's needs helps to:

- Ensure the suppliers' capability and that they have the capacity to fulfil your needs
- Ensure that value for money is achieved by having the suppliers participate in a competitive process. This is underpinned by you
 - Understanding what is wanted and is actually needed (i.e. the challenge the requirement step)
 - Thinking through what it is that you need and describing it in sufficient detail so that the suppliers understand what is required
- The suppliers view the college as responsible and, hopefully, as a customer with which it will want to do business. This will be achieved where sensible, robust and competitive procedures are used

Into action

What type of procurement route should you follow?

As with many procurement decisions, the first two questions are

1. Is there an existing college arrangement or other framework arrangement that I can use? If yes, then use that arrangement
2. What's its estimated value?

While the second question may appear simplistic, in reality, the estimated value will indicate the route you need to follow to make your procurement decision. If the requirement has an estimated value which is

- A low value, say below the college's quotation threshold, select a supplier from the college's approved supplier list
- Within the college's value range for obtaining written quotations, identify suitable suppliers from the approved supplier list and invite them to submit quotations
- Within the college's value range for obtaining written tenders under its own tendering procedures, depending on the college's internal policies and procedures, potential bidders may be drawn from the approved supplier list or a public advertisement placed on [Contracts Finder](#).
- Above the EU threshold, the procurement must follow the EU rules, see [A Guide to Managing Above EU Threshold Tenders](#)

If you don't already have a suitable approved supplier and so need to identify potential suppliers, try:

- Contacting one of the consortia
- Talking to colleagues in your own and other colleges
- Using trade journals, the internet and exhibitions
- Post the requirement on [Contracts Finder](#) to attract suppliers
- Carry out a market analysis see [A Guide to Conducting Market Analysis](#).



If there is likely to be a lot of interest in your tender, it may be worth considering using the two-stage, restricted, process. Although, this will take a bit longer, overall it can reduce the amount of evaluation work that you will need to do. Note: a pre qualification stage is not permitted in contracts valued £25,000 to the relevant EU Threshold Refer to [FELP](#) for more information

2.5 Invite potential suppliers to quote or tender

About invitations to quote or tender

Once you have prepared your specification, understood how you are going to identify potential bidders, how you will make the award decision and (for your higher value tenders) whether you will use an open or restricted approach, you will be ready to invite suppliers to submit quotations or tenders.

Into action

Remember that in all the procurement activity that you do, there are three fundamental principles that must be applied regardless of what you are seeking to purchase and its estimated value. These are:

- Non-discrimination
- Equal treatment, and
- Transparency

Therefore:

- All potential suppliers must be
 - given the same information, including answers to reasonable queries made by suppliers, without revealing who they are
 - issued with the same documentation at the same time, or if following the publishing of an advertisement, promptly following the request for documentation
- The criteria you use to select potential suppliers (i.e. to determine their capability and capacity to fulfil the requirement) and award the contract (i.e. to determine the offered solution that best meets the college's needs) must be detailed in tender documentation. Also, it is critical in above EU threshold tenders that the selection and award criteria are not mixed up (see [A Guide to Selection and Award Criteria](#)).

We advise you to do the same for all tenders, including those below the EU threshold.

For more detailed information about inviting quotations and tenders, see [A Guide to Managing Below EU Threshold Tenders](#) and [A Guide to Managing Above EU Threshold Tenders](#).



Your purchasing process must be non-discriminatory, treat all potential bidders equally and be transparent. Unsuccessful tenderers who have responded to any tender must be given certain information. In addition, they may sometimes ask for further information under the Freedom of Information Act



It may be useful to use an [electronic tendering system](#) to save you time and to provide a clear audit trail.

2.6 Receipt and opening of submissions

About receiving submissions

It is important that the receipt of submissions is managed in a fair and transparent manner. A robust approach to the receipt of submissions process is an important element of the process's audit trail.

Into action

It is recommended that a stated closing time and date is used for both quotations and tenders because

- The bidders will know when they have to submit their offers
- You will know how many submissions have been received by the published closing time and date
- You are not left 'hanging around' in case other submissions arrive

Further, the submission should be provided as a sealed offer and not opened until the stated closing time and date has passed. This is important because it protects you from any complaint that you were aware of bidder A's prices which were in before the closing time and may have been disclosed to bidder B who submitted later.

The submissions should all be returned to the same point within the college. For tenders this may be the Principal's Office, while for quotations it may be a Head of Department or a named individual e.g. you. What is important is that the bidder knows where and when its submission must be received by the college.



Ensure that all relevant staff, including Post Room and Reception, are informed of the return date for quotations and tenders. Also ensure that they are aware that quotations and tenders must only be opened by authorised persons.

Receipt of quotations

Receipt by email

If you are seeking quotations and wish to receive them by email, it is recommended that you

- Have a dedicated email account to which the bidders forward their bids e.g. quotations@college.ac.uk

- Require the bidders to save their submission to a zipped file and name it '*quotation ref – name of bidder*' and to put the quotation reference as the subject title on the email. This will
 - Enable you to identify the responses to the particular quotation
 - Ensure that you do not open the quotation by mistake because, while an email could be opened in error you need to physically, and knowingly, open the zipped file (and so should not happen by mistake)

Receipt by hard copy

If you are seeking quotations and wish to receive them in hard copy e.g. by post, it is recommended that you

- Have a dedicated quotation label designed and require the bidders use this on the envelope containing their submission.
- Upon receipt, the time and date of receipt should be clearly marked on the envelope or packaging
- Where tenders are delivered by hand, a written receipt should be provided as proof of receipt
- All tenders should be held, unopened, in a secure location until the published closing time has passed

After the stated closing time and date

When the closing time and date has passed, the quotations should be opened, recorded on a summary sheet and initialled by those present. It is suggested that there should be at least two people present when opening quotations as this minimises the risk of criticism of the process.

Receipt of tenders

The receipt of tenders, given their value, is a more formal process. The tenders should be received into a stated location before the stated time and date. The receipt may be in hard copy or electronically via an [e-tendering system](#) and should be managed as follows:

Hard copy tenders

- Have a dedicated quotation label designed and require the bidders use this on the envelope containing their submission.
- Upon receipt, the time and date of receipt should be clearly marked on the envelope or packaging
- Where tenders are delivered by hand, a written receipt should be provided as proof of receipt
- All tenders should be held, unopened, in a secure location until the published closing time has passed.

Electronic tenders

- Tenderers will upload their tenders on to the e-tendering system from which you will be able to obtain a log of who and when tenders have been uploaded

- The e-tendering system will hold the submitted tenders securely until the published closing time and date has passed

Opening of submissions

Hard copy tenders

At an agreed time, after the published closing time, all tenders received in accordance with the submission instructions should be opened. Note: tenders received late should not be opened.

The name of each tenderer, time and date of the tender's receipt and the total cost of the submission (where practicable) should be recorded on a tender log. Each member of the Opening Panel should sign the opened tenders and the tender log.

Electronic tenders

At an agreed time, after the published closing times, log into the e-tendering system and download the submitted tenders. The e-tendering system will provide you with a detailed list of who has submitted tenders. As the e-tendering system will 'lock' the tender file at the designated closing time and date, no late tenders can be physically uploaded.

Benefits to the College

The use of a stated closing time and date

- Meets the requirements for non-discrimination, equal treatment and transparency
- Makes it easier for you to manage the quotation and tender process
- Means that you can identify (and reject) late submissions
- Provides an audit trail of the quotation or tender process

The creation of a log of tenders submitted and opened

- Provides an audit trail of the tenders received; and
- In the case of hard copy tenders, who was present at the official opening



The use of e-tendering systems can provide a clear audit trail of when tenders were received and opened thus eliminating the need for an opening panel.

However, whichever method is used – hard copy or e-tendering – the procedure must conform to your College's policies and procedures

2.7 Evaluate submissions

About evaluating submissions

You should now have a number of bids for your specific purchase and will need to decide which one to select. There are two processes you need to carry out in order to evaluate them, especially in higher value tender exercises:

- If you have a selection stage, you will need to determine the ability (by looking at their capability and capacity) of the bidders to be able to provide what you are looking for. The value and importance of the individual requirement will determine the amount of work involved in this assessment. See [A Guide to Supplier Appraisal](#)
- Determining which submission provides the best proposal based upon the chosen award criteria most economically advantageous tender (MEAT), which is an EU term for best value for money. See [A Guide to Tender Evaluation](#).



At the start of the tender/quotation process you should have decided who will be involved in the evaluation process.

If you don't have the requisite technical knowledge you must involve a technical expert in the evaluation process

Into action

When developing the specification and preparing the tender documentation, you will also have identified attributes (the selection criteria) that potential bidders must possess if they are to be considered capable of meeting the college's needs. You will also have identified the award criteria which you will use to make your final decision.

Following the detailed guidance in the above mentioned guides, you will follow the three steps in tender evaluation:

1. If there are any reasons why the college should not deal with the bidder e.g. it is insolvent or has been involved in criminal activity
2. Which of the bidders are capable of meeting the college's requirements e.g. have the capabilities and capacity?
3. Which of the remaining bidders is offering the best solution based upon the award criteria you set for the exercise?

In higher value tenders, the information required to complete steps 1 and 2 is often collected using a structured Pre-Qualification Questionnaire (PQQ).



Remember that, in most cases, what you pay for the goods, services or works may not simply be the initial purchase price, especially when there will be on-going operational or end of life costs. It is important therefore that the price element of your decision takes the whole life costs (or life cycle costs or total cost of ownership) into consideration.

The 3 Steps to tender evaluation

Step 1 – Exclusion of suppliers

There are a number of instances where the college may or may not wish to consider submission from suppliers. There is a mandatory requirement that you cannot deal with suppliers that have been found guilty of criminality e.g. fraud, money laundering. Further, it is unlikely that the college will wish to deal with suppliers that are in administration or insolvent, have outstanding tax bills or, for certain services, do not possess the appropriate professional licences.

The information required to make this type of assessment is usually collected via a series of questions with yes/no responses.

Step 2 – Supplier selection

The next step of evaluation is to select those suppliers that possess the required capabilities and has the capacity to meet the requirement. The higher the value or complex the requirement the more important this step is and should be applied in all EU tenders. There are two areas that you will want to check

- Is the supplier financially sound?
- and
- Does it have the resources and experience needed to meet the need?





If you are carrying out further competition on a consortium framework agreement then the supplier selection process will have already been completed. If required, request further information from the relevant consortium so that you do not duplicate work already undertaken.

It is common practice to collect the information required in a structured questionnaire (the PQQ) and mark the responses. This will enable you to either

- Take all those that meet a minimum standard e.g. 50% of the available marks forward to have their full tenders evaluated, or
- If you're using a two-stage (restricted) tender you can rank the suppliers and invite a short list to tender

It is useful to think of supplier selection as 'looking backwards' for evidence that demonstrates a supplier's ability to perform the contract.

	<p>It is important when evaluating tenders (and quotations) that objective records are kept of the decisions, and why they were taken as:</p> <ul style="list-style-type: none"> • It will form the basis of any feedback requested by unsuccessful bidders • In an EU tender, it will form the basis of the written notification letter, advising of your intention to award the contract to the selected tenderer(s) • It provides an audit trail of the evaluation process
	<p>A Guide to Supplier Appraisal provides more advice and guidance in this area.</p>

Step 3 – Award of contract

The contract award stage considers the detailed proposal and seeks the one that best meets the college's needs, based upon the [award criteria](#) developed and stated in the tender documentation. You have quite a bit of freedom when developing award criteria. The important thing to remember is that they must

- Be relevant to the requirement, and
- Bring economic advantage to the college

It is useful to think of the award stage as 'looking forward' to the solution that will best meet your requirements.

Completing a tender evaluation

The secret to tender evaluation is to have a high quality specification that maps to your selection and award criteria. The higher the value of the requirement, the more important this linkage is. Apart from low value quotations, it is recommended that the 3 Steps to tender evaluation are followed. This approach will mean that, in some instances, it may be possible to reduce the number of bids that move from step to step.

As already indicated above, it is important that you record the evaluation process. In simple terms, this means reviewing the submission against the published specification and the award criteria. The easiest way to do this is to

- Prepare a spreadsheet with the elements that need to be checked listed
- Work through each submission noting your judgement for each against each of the listed elements
- Use the evaluation information to determine which submission best meets your published award criteria



[A Guide to Tender Evaluation](#) provides more advice and guidance in this area.

Benefits to the college

The key to a robust evaluation process is a well thought out and well structured tender (or quotation) document because:

- The specification informs the identification of the selection and award criteria
- The specification provides a checklist of what the bidder's submission must be able to do
- The selection criteria helps you to determine which of the bidders have the capability and capacity to meet the college's needs
- The award criteria help you to determine which of the bids best meet your requirements
- A well thought out tender (or quotation) document provides the structure against which you can systematically evaluate and record your assessment of what has been proposed in the submission
- A well structured evaluation process in which the reasons for the decision made are recorded will provide
 - The justification for the final decision taken
 - A framework upon which feedback can be provided to the unsuccessful bidders. This is particularly important for EU tenders where a written evaluation report must be provided with the college's intention to award the contract notification. See [A Guide to Managing Above EU Threshold Tenders](#)



You must assess all suppliers on the same criteria, to ensure fairness. The bidders are entitled to know what the award criteria, including any sub criteria, will be.

Remember, your process must be non-discriminatory, treat all potential bidders equally and be transparent.

Unsuccessful tenderers who have responded to a tender have the right to ask for feedback (debriefing). In addition, they may sometimes ask for further information under the Freedom of Information Act.

FOR EU TENDERS, YOU MUST CONFORM TO THE REGULATIONS REGARDING THE STANDSTILL PERIOD

2.8 Clarification and agreement of price and terms


About clarification

During a quotation or tender exercise, there are two instances where clarification issues can arise

- Bidders may have questions regarding your specification or other aspects of your documentation.
- You may have questions regarding the submitted bid and need to ensure that you clearly understand what is being offered.

The key issue to remember is that you treat all the bidders equally, are transparent in the clarification process and do not discriminate against or in favour of any individual bidder. Sometimes, clarifications can develop into discussions between you and one of the bidders. It is important that these do not develop into negotiations that could change the basis of the requirement or offer which, especially in EU tenders, is not permitted when you are using an open or a restricted procedure.

There may be times when negotiation will be appropriate in your procurement activities, especially when working with an appointed supplier to implement continuous cost improvements or you are seeking to resolve problems. See [A Guide to Negotiation](#)

	<p>EU Tenders: You are not allowed to negotiate on price or any other condition which may materially change the original tendered requirements.</p> <p>Unsuccessful tenderers may challenge the award if you do significantly change the original tendered requirements.</p> <p>All tenderers must be treated equally</p> <p>See A Guide to Managing Above EU Threshold Tenders</p>
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About agreeing price & terms

When a supplier responds to your request for quotation or tender, its response will usually be complete and the combination of your request for quotation/tender documentation and the response will form the basis of the contract. Quite often the contract is actually formed when a purchase order is created, signed and issued; in others, a formal legal contract will be prepared and signed by both parties or, for large building projects, the contract will be 'made under seal'.

It is important therefore when clarifying a bidder's submission that the requirement specified or the offer made in the bidder's submission is not changed in any material way. For example, changes could be made to a delivery schedule for consumables but you could not change the types of goods that are to be purchased. To do so could lead to complaints because, had the potential bidders known what the original specification was going to change to, they may have put together a different proposal.

If during a contract period any changes to the original contractual terms or operating methods are made these must be properly documented. For more information, please refer to [A Guide to Contract Management](#)



The agreed prices and terms become the cornerstone of the agreement or contract. Over its life, if there are any queries or disputes, the parties (and, if it's serious, the courts) will refer to the original contract documents to seek guidance on the liabilities of the parties. It is important therefore that care and attention is given to this stage in the process, especially for the higher value procurements.

Into action

Clarification questions in quotations and tenders

Clarification questions are likely to arise at two stages in a quotation or tender process:

- **Questions from bidders regarding your documentation**

When a bidder asks a question about your documentation, you must first decide if it is something that you can, or should, answer. If you decide it may be answered, the question and its answer should be communicated anonymously to all the other bidders. This is often managed using email and 'blind copying' the question and answer to all the participants.

In higher value, EU tenders, it is important that the response to a question does not significantly change the original specification. If this happens, it is likely that the tender exercise will have to be re-advertised and started again. This is important under the principle of equal treatment, because a supplier may have decided not to submit an PQQ or tender based on the initial specification and, had it known the new information at the start, may have decided to bid.



In some instances, it may be necessary to extend the published closing date of a tender if, as a result of answering a clarification question, additional information is provided which could materially impact on the bidder's submissions. Should this happen, the closing date should be extended to give at least 6 days between the information being provided and the closing time and date.

- **You may have questions regarding a submitted bid and need to ensure that you clearly understand what is being offered.**

Here, your questions will be specific to the bidder's submission and you will communicate directly with that bidder. Wherever possible the communication should be in writing (usually e-mail), however, it may be easier to first speak with the bidder and then follow up the conversation in writing (again, usually by email). This written approach ensures that there is a clear audit trail between you and the supplier.

Be careful, however

At the final stages of a procurement exercise, you may need to speak to your chosen supplier to ensure that everything is understood and the contract is ready to start.

Sometimes, this may mean reaching agreement on some specific points and there's a need for a bit of give and take. This is termed negotiation, however, it is important that during these discussions there are no significant changes to either the supplier's submission or the specification used in the quotation or tender as such changes could be deemed to have changed the requirements and, subsequently, be open to challenge.



Take advice if you are unsure if any required changes would be deemed to be significant.

Benefits to the College

Clarification of the college's documentation benefits the college by ensuring that

- The bidder understands what it is the College is looking to purchase
- By sharing of the asked question and your response anonymously, you are being transparent in the competitive process and ensure that all the bidders are treated equally

Clarification of the bidder's documentation benefits the college by ensuring that:

- You understand what the bidder is offering
- You are confident that what is being offered does meet the college's needs
- The submissions can be evaluated on a like-for-like basis

2.9 Award and implementation of a contract

What does the process involve?


Awarding the contract involves not only informing the successful supplier but can also involve letting unsuccessful suppliers know why their quotation or tender was not accepted.

It is about ensuring that both the college and the supplier knows what has been agreed, who's doing what and what prices are to be paid. A loose arrangement can lead to confusion, poor value for money, the wrong goods or services being delivered or, at worst, legal challenges.

Informing successful suppliers.


It is important that there is clarity. At its simplest the contract can be created using a purchase order which should contain all the relevant information. See [Information Required to Create a Purchase Order](#)

When sending a contract award letter you should provide the same information to successful tenderers as you do to those that are excluded.

	It is important, that the notification letter to the successful supplier reflect the requirement stated in the quotation or tender documentation and does not introduce new or conflicting information.
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Informing unsuccessful suppliers

Where you have obtained quotations for the supply of goods or services, a short 'unfortunately your quotation has not been successful' notification is often sufficient. You can add that suppliers can contact you if they wish to know why their quotation has not been successful this time.

	For higher value requirements, especially for those above the EU thresholds, there are important rules to be followed when communicating your award decision. In particular you must advise of your intention to award the contract and then a minimum of 10 days must elapse before the contract award can actually take place if you are communicating electronically. If during this time, a formal challenge is made, the contract award decision must be suspended until the complaint is resolved. For more information, please refer to A Guide to Managing Above EU Threshold Tenders.
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You must provide the required information to unsuccessful bidders immediately. Your aim should be to help them understand how to improve their chances of winning work in the future. See [A Guide to Managing Supplier Debriefing](#).

How to award and place a contract

In legal terms a contract is formed when there has been an offer and acceptance, forming an agreement. The majority of the college's contracts will be formed when a purchase order is created (be it paper or an on-line order), it is communicated to the supplier and the supplier agrees to provide the goods or services.

In many cases, therefore, the placing of a purchase order which contains all relevant details is sufficient. However, if the contract is for a higher value then more formal contract documentation will be needed – with the college and supplier both signing the contract documents including the terms and conditions of contract or an agreed service level agreement.

There are very specific contract award procedures to be followed in the case of EU tenders including a mandatory stand-still period before the contract can be awarded. See [A Guide to Managing Above EU Threshold Tenders](#).

Major building contracts can be awarded “under seal” which means that the contract documents are signed and the (wax) seal of the parties is attached.

How it can benefit your college

Having a formal award and rejection procedure in place can benefit your college by:

- Ensuring the contract with the successful supplier is placed in accordance with the accepted quotation/tender submission and linked to the agreed terms & conditions of contract
- Giving feedback to unsuccessful suppliers to help them understand why their quote or tender was not accepted. This may help them win business in the future
- Conforming to EU Directives if the tender was above EU



Once the contract has been formally awarded, you should update the College’s Contract Register recording the contract start and end dates. Where the contract is for a recurring requirement, also note the date on which you need to start preparing for the replacement tender exercise.

2.10 Take delivery of goods or services

About delivery

Delivery or the completion of a service is often seen as the end of the procurement tender process. However, in practice, the contract could be set to run for months or years, and you may be looking at a longer-term relationship with the supplier.

In basic terms, delivery is about checking that what was ordered has been received correctly i.e. the correct quantity, quality etc. Where there is a discrepancy, this must be identified and the error reported to the supplier for rectification. It is important that delivery problems are dealt with promptly (usually within 3 days of receipt).

When goods are delivered to the college, they will be accompanied with a delivery docket which details ‘what’s in the box’. The signed delivery docket then forms the basis upon which the payment for the goods, via the supplier’s invoice, is approved.

For services e.g. if a catering supplier provides food for a meeting, there may be a docket to be signed. However, it is less likely that there will be an actual delivery docket, rather it’s more likely that the service provision will be on-going and that proof of delivery will be an over-arching view of what’s happening rather than lots of signed dockets. In this situation, it is important that the service provision is monitored and this is discussed in the next section.

How your college benefits

A signed delivery docket:


- Is proof that the goods or services have been delivered and that the supplier has fulfilled its obligations
- Can also draw attention to instances where the goods or services delivered do not match what should be physically present
- When signed, it provides proof of delivery to the college should there be a dispute at some later time

The process of accepting or rejecting goods or services is, therefore, important to the procurement audit trail.


Into action

Whenever a supplier delivers goods, they should ask someone to sign the delivery note to confirm that the correct items and quantities have been delivered and that they are in good condition.

- If you can, specify a named person or department who will accept the delivery
- If you cannot do this, check the delivery is made to a central receipt and distribution point (such as a post room). Staff should sign the courier's delivery documentation 'Goods received but not checked'
- The delivery should be checked promptly (at most within a day or two) and the supplier notified, in writing, of any discrepancies immediately
- A delay in checking the delivery and notifying the supplier could result in your complaint not being dealt with. Many firms have a '3 day' notification period and the later the notification, the less likely the supplier will resolve the problem to the college's satisfaction
- If some of the items are faulty, while others are acceptable, you can keep those that meet with your requirements while rejecting those that do not
- Keep the delivery note – it may be required if there are problems later
- If the goods or services have been delivered or performed to your satisfaction, the supplier is deemed to have fulfilled their part of the agreement
- If goods are unacceptable, you can seek replacements or damages if a replacement cannot meet your requirement
 - If a service is not performed to your requirements the supplier should be given opportunity to improve its performance to the necessary standard, within a reasonable time-frame
 - If the supplier continues to fail in its performance an escalation procedure should be instigated to achieve the necessary performance or terminate the contract. This process should be detailed in the contract and/or the Service Level Agreement

	<p>Ensure staff receiving goods and services from suppliers understand the importance of putting their signature on the delivery note.</p> <p>Deliveries should be checked to ensure they conform to what is stated on the delivery note. If this cannot be done immediately then the delivery note should be marked 'received but not checked'.</p>
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A copy of the signed delivery note is retained by the delivery person and is the supplier's proof that the goods were delivered to the College. This means, that if a delivery is made to the required location and the goods then 'get lost' (perhaps between the central receipting point and the department) the College will be liable to pay for the goods because the supplier has proof that he delivered the goods and has fulfilled his obligations under the contract.

	<p>Unchecked deliveries must be checked within a day, or at the latest two so that any discrepancies can be reported to the supplier otherwise it may be difficult to dispute any discrepancies. This could result in your College losing money.</p> <p>Supplier delivery notes normally stipulate the time frame for reporting discrepancies</p>
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2.11 Pay suppliers


About supplier payments

When the contracted goods or services have been provided and accepted by your college, the supplier must be paid. Depending on the contract, payment can be made in the following ways:

- In full on completion of the contract, in line with the payment terms agreed within the contract or framework agreement
- In more complex contracts e.g. a new building or major refurbishment works or on-going service contracts, payments can be made throughout the contract period. The payment profile will be agreed before the contract is signed and starts
- In works contracts, there will be specified stages during the fulfilment of the contract that, when reached, will trigger a payment
- In service contracts, payments are often made on a monthly basis and either relate to the actual services provided or the total contract value may be divided over the contract period

- In high value contracts, it is common to agree at the start that a proportion of the contract price will be held back (known as a retention) while the works, goods or services are monitored and/or minor problems resolved

Sometimes, the contract will require pre-payment. This should be avoided if at all possible. If you can't, you should always obtain approval from the College's Finance Director and obtain a Banker's Guarantee from the supplier. This will minimise the risk of any loss to your college should the supplier default on the contract.

	<p>The Finance Department should be informed when contracts/ agreements have been awarded to a new/different supplier. They can close old accounts and open new accounts if required</p> <p>Invoices should be checked to ensure they are correct</p>
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How your college benefits

Having the right payment processes in place:


- Improves relationships with suppliers
- Strengthens your leverage (buying power) for future projects
- Reduces your exposure to late-payment charges

Into action

Your college will have a policy for paying invoices, so check it out first.

- **Advance payments** can be risky because there is very little chance of recovering the money if the supplier goes into receivership. If you want to make an advance payment, ask for a Banker's Guarantee to cover the requested amount. The Finance Department will be able to advise of this
- **Progress-related or stage payments** linked to milestones for larger projects, such as building contracts, can be a good idea. These should represent progress made and genuinely reflect the supplier's expenditure. A Banker's Guarantee can be demanded against each payment. Or you can request a 'Certificate of Vesting' which vests the property of the work carried out to the ownership of your college
- **Retentions** can be standard practice to act as an incentive to the supplier to complete the contract to the quality standard agreed when the contract was set up. The value of the retention should be a significant amount, It should be enough that the supplier will wish to put right any problems rather than 'walk away' and forego the money. Depending on the value of the contract and the type of goods, services or works; retentions can range from 5% –15% and retained until your college is satisfied with the goods or services provided
- **Early payment** can be an incentive to the supplier and, in return, a small discount may be offered. It should be a concession that is agreed between the college and the supplier and its purpose is to benefit the college. You will need to ensure that the

Finance Department can manage the shorter payment period within its normal procedures.

	<p>The Public Contracts Regulations 2015 stipulate that you must pay all valid and undisputed invoices within 30 days and you are required to publish a report at the end of March every year on your website detailing the number of invoices paid within the 30 day time limit.</p>
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2.12 Monitor supplier performance

Essentially, there are two elements to monitoring your suppliers' performance:

- measuring your supplier performance and
- managing your contracts

About monitoring supplier performance

Supplier performance monitoring is a simple system that enables you to rate the performance of a supplier against a set of criteria. This helps you to see, at glance, how well a supplier is performing. It looks at areas such as quality of service, correct and on time deliveries and responsiveness of the supplier's staff. Supplier performance is a flexible system that you can adapt to any supply situation and change the criteria to suit the needs of your organisation.

How your college benefits

Supplier performance monitoring can deliver a number of tangible benefits:

- Improve your supply base by removing poorly performing suppliers
- Gather evidence to help suppliers improve
- Identify and support good suppliers

Into action

Supplier performance monitoring

First, you need to come up with the right criteria for assessing suppliers. These may include:

- **Price** – Does the supplier invoice reflect the agreed price stated on the purchase order?
- **Quality** – Did the goods arrive in good condition? Are they faulty? Are they as specified? Did the service provided meet the agreed quality standards?

- **Delivery** – Is the packaging suitable? Is delivery at a time and in a vehicle that is suitable? Is the pack/pallet size acceptable? Was the service delivered at the right time?
- **Quantity** – Were the goods delivered in the right quantities? Does the supplier deliver part orders that can generate more work for you and/or your colleagues? Did the service provider ensure there were sufficient staff available to carry out the service? Did the supplier provide people with appropriate expertise?
- **Accurate documentation** – Are delivery notes and invoices correct? Does the delivery note give a delivery date for undelivered items? Does the service provider complete any relevant college documentation?
- **After-sales service** – How quickly does the supplier respond to a reported fault? Do you receive a replacement in good time? Does the service provider carry out identified corrective actions by the agreed time?

Once you have established your criteria, you can apply a simple marking system:

1	2	3	4	5
Poor	Acceptable	Good	Very Good	Excellent

Having designed the content of your questionnaire, you may be able to have it prepared and made available as an on-line form that staff can fill in and that will automatically collate the responses.

Supplier performance measurement is a useful technique to work with suppliers to improve their performance. It should be used to give suppliers positive as well as negative feedback.

Supplier performance measurement will help you monitor and manage your contracts especially those for services. On-line surveys and other customer feedback mechanisms will provide you with evidence of what the college's staff and students think of the services provided by your contractors. Please see [A Guide to Contract Management](#) for more information on this area.



You should make sure that monitoring criteria and results are agreed and shared openly with the supplier and other appropriate interested parties e.g: colleagues using the service, consortium if it's a consortium agreement/contract

About monitoring and managing contracts

Managing contracts is all about making sure everyone meets their obligations and achieves their objectives efficiently and effectively. This means being clear early on about what you want to achieve, the best way of achieving it and how to manage any potential risks.

Monitoring and managing contracts is especially important for services and on-going supply contracts. In terms of management, it also involves recording any modifications to how the contract will be provided over its life e.g.

- Agreed price increases must be formally recorded, or
- In a cleaning contract, a building that is to be closed for refurbishment must be formally recorded and its costs removed from the monthly work schedules and subsequent invoices.

This may appear somewhat obvious, however, in the unlikely event that a serious dispute were to arise the courts will look to that written evidence of who was contracted to do what; and if the contract documents have not been kept up-to-day, the court could rule on the original (now out of date) documents.

How your college benefits

Effective contract management helps ensure that:

- The goods you have ordered arrive on time and in good condition, deliver value for money, and meet governance criteria and regulations
- The services provided meet the College's requirements and expectations

Into action

Different contracts require different levels of management. The time spent managing a contract should be proportional to its value and associated risks. A 'ball park' figure that is often quoted is that the times spent on contract management should be somewhere in the regions of 5% of the contract's value. However, time spent on contract management must be productive - it's important not to waste resources over-managing contracts.

Managing contracts involves a well-established process. Here are the main steps:


- **Initial meeting** to agree how the contract will operate.
- **Regular contract review meetings.** It is likely that they will be more frequent at the start of a new contract, however, as the contract progresses it is important that they remain meaningful and that the college and supplier don't simply 'go through the motions'. It can be useful to create a checklist or [agenda](#) and take it to the review meeting
- **Monitoring a supplier's performance and rating the performance** – regularly measure the supplier's performance using measuring supplier performance documents such as a Service Level Agreement and Key Performance Indicators. See [A Guide to Contract Management](#) for more information.
- **Change control documents** – these detail the reasons for change to a contract, its impact and the amendment itself. See [change control template](#)

- **Management information** gets the right information to the right person in the right format at the right time. Agree with the supplier what you will put in place before the contract begins.
- **End-of-contract review meeting** evaluates the success of the contract and identifies what went well, what didn't go so well and what could be done better in future. See a [Typical agenda](#)

Dealing with problems

Try to deal with any problems promptly and informally. Solving little issues is much easier than letting them develop into big problems. To achieve this it is important that the College and supplier's representatives understand the requirements and are in contact, by email or phone, between the scheduled contract management meetings. This should minimize the chances of discord during the contract period.

Resolutions to problems should be documented in writing and signed off by all parties. Some contract terms may need to be re-drafted.

	<p>Change Control</p> <p>You need to be careful that an agreed change to the contract could not be considered as 'material' i.e.</p> <ul style="list-style-type: none"> □ A non-trivial change that has led to the nature of the goods or services being provided being different from what was originally contracted for □ The scope of the contract having increased or if the change could have widened the pool of bidders, □ If the economic balance of the contract moves in favour of the supplier.
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2.13 Reviewing the Procurement Activity

About reviewing the procurement activity

There are two main opportunities to review your procurement activities (in addition to the ongoing monitoring and management discussed in the previous section), these are

- The competitive process, usually the tender process
- The delivered contract

The tender process

After the tender process is completed, the contract has been awarded and the delivery of goods or services started you should review the process to determine what worked and what you could do to improve the process the next time you do a tender, regardless of what is

being tendered next time. Every tender that you complete will help you do a better one next time – you will keep learning.

The delivered contract

With regard to the actual contract itself, the goods or services have been delivered and the contract/agreement is coming to an end. Now is the time to review the process, take due credit for what worked, identify where improvements could be made, and make recommendations on how to improve the process for the next time round. This review is, therefore, specific to the contract for the goods or services.

Depending on the size of the project, you could do this as a simple check list or with the team involved in the project. However you approach it, you need to ensure you capture and report efficiencies.

Capturing and reporting efficiencies

Few elements of the procurement process are more important than understanding how and where you have made cost savings and efficiencies.

The Efficiency Measurement Model for Further Education (EMMFE) will help you do this. It's an Access database you can place on your college intranet to capture and record information about any procurement activity – from full-scale tenders to quick-win savings.

It helps you record where you have saved money and made other efficiencies that can lead to better use of your resources e.g. where staff have been able to take on extra duties because a new, automated process has freed up some of their time.

How your college benefits

The tender process

By reviewing your tendering process and the actual delivery of the contract, you will understand:

- How you can improve the tender process, perhaps, by modifying the documentation or re-thinking how you describe what it is the college is looking for e.g. improving your specifications
- Where the provided contract met, or failed to meet, the college's needs. This information can then be used to improve the specification and, perhaps, the costing model that will be used next time
- How to minimise waste in the process either in terms of the specification or, perhaps, by removing the need for you to do your own tender because there's an opportunity to either use a consortia framework agreement or work collaboratively with one or more other colleges
- How to, within the constraints of the EU procurement legislation, streamline the process to reduce bureaucracy and demands on staff time while maintaining the integrity of the process and demonstrating open competition

The delivered contract

By reviewing current contracts before their renewal date (be it a replacement contract set up by the college or another body e.g. a consortium), you will understand

- If the current contract/agreement has met the college's needs and, if not, why not
- What needs to be changed (perhaps the scope or emphasis of the specification) to improve the service provision in the future
- If there is an ongoing need for the contract/agreement in its current form
- How the current supplier or suppliers have performed and, where this is felt to be sub-standard, what needs to be changed within the new arrangement

Capturing and reporting efficiencies

Using the EMMFE will help your college to:

- Identify where savings and efficiencies have been achieved and how the experiences of one procurement exercise could be applied to future exercises
- Promote good procurement practice in the college as it provides tangible evidence of the benefits that have been delivered
- Demonstrate the value (both tangible and intangible) of applying good procurement practice

Into action

The tender process

When reviewing a tender process ask questions like:

- What went well? What didn't and why? What would I do differently next time?
- Which of the identified issues are relevant to future tender exercises?
 - What changes should I make to my current processes?
 - What changes should I make to the specification?
 - Did the criteria used enable me to evaluate the submissions and identify to best value for money tender? If not, how can I do better next time?
- Did the tender process keep to the original timetable? If not, why not?
- Were there many clarification questions asked by the bidders? If yes, what were they about and can the requested information be incorporated into future tenders?

The delivered contract

When reviewing a contract/agreement that is coming up for renewal, ask questions like:

- Is the college receiving what it expected? If not, why not? What appears to be the problem? How do you resolve it?

- Is the requirement still needed? If yes, do I expect the volume of requirements to remain the same, increase or decrease?
- If it's the college's own contract/agreement
 - Is this something that may be available on, or would be suitable for, a consortia framework agreement?
 - Is this something that may benefit from a more collaborative approach with other colleges?
- What has the level of uptake been within the college? Has there been any off-contract/agreement spend? If yes, find out why.



Ask your suppliers for feedback – this may help you improve your performance, help avoid pitfalls and increase opportunities for obtaining value for money.

SECTION 3: PUTTING STRUCTURES IN PLACE

This section is about putting an effective procurement infrastructure in place within a college. It assumes that someone has been given overall responsibility for procurement within the college, either full-time or part-time, and the role is referred to as the Procurement Officer or Procurement Liaison Officer.

Within some colleges a number of the elements covered in this Section may already be in place and it will be a matter of refreshing your thinking. In others, you may be the first Procurement Officer or Procurement Liaison Officer for the college and will need to work with the Senior Management Team to put structure in place.

If you are taking on significant procurement responsibilities, there are a number of steps you will want to complete in order to establish an effective and well-structured procurement function in your college. These include:

- Setting up a procurement group
- Creating a procurement strategy
- Winning buy-in from colleagues
- Minimising risk
- Ensuring Ethical Behaviour
- Benchmarking your procurement activities

3.1 Setting up a Procurement Group

About procurement groups

Every college needs to establish Procurement Group. It should include the buying specialists from each department and be chaired by someone who has an understanding of the procurement process or is willing to champion the need for effective procurement within the college. If it is the former, then the Procurement Officer or Procurement Liaison Officer should chair the group and if it is the latter, then a member of the Senior Management Team (SMT) should assume the role.

It is for individual colleges to determine which route works best for them; however, the benefit of a member of the SMT taking on the role is that this demonstrates support for the procurement process by the decision-makers within the college. Without this support the process can become ineffective and staff across the college may not accept the need to work coherently across the organisation.

The role of the Procurement Group should include:

- Formulating the college's procurement strategy
- Developing its procurement policies and procedures

- Disseminating procurement initiatives
- Sharing innovation

Whether the Procurement Officer or Procurement Liaison Officer chairs the group, or not, their role is key to the successful operation of the Group. The role of the Procurement Officer or Procurement Liaison Officer will involve being:

- The link between the Procurement Group and staff with procurement needs
- The primary point of contact in the college on procurement matters
- The lead co-ordinator, working with end-users, to develop college-wide contracts/agreements
- The lead promoter of adopted consortia arrangements, ensuring maximum uptake throughout the college and minimising maverick spend
- The college's representative at AoC Network Meetings
- Taking the lead in identifying and reporting cash savings and efficiencies

How your college benefits

Procurement Group:

- Provides a visible statement that procurement is important to the college
- Promotes a collaborative approach to procurement
- Identifies buying specialists, who will work with the Procurement Officer or Procurement Liaison Officer on developing value for money approaches for the identified products/services
- Encourages buy-in to best practice procurement principles
- Creates a forum where ideas can be shared and priorities agreed
- Raises the profile of procurement

How to set up and manage a Procurement Group

Procurement Group must have the support of your college's senior management team. You may need to start by presenting a [business case](#) on why the Group is needed. Once it has been agreed that your College will have Procurement then:

- A member of every department (curriculum and service/support) with buying responsibility should be nominated to join the group
- The group should, initially, meet on a monthly basis to establish strategy, policy and procedure.

Once strategy, policy and procedures have been established, meeting may take place once a term and the focus should shift to:

- Keeping the group up to date with procurement issues such as the launch of new supplier frameworks, new government initiatives and an update on efficiencies achieved

- Identifying where the college would benefit from new, formalised, procurement arrangements and setting up a sub-group of interested staff to work with the Procurement Liaison Officer to develop and manage the tendering process
- Providing a forum for the sharing of procurement best practice
- Providing a forum for reviewing and solving procurement-related issues

Communication between the group and the rest of the college could include:

- A procurement section on the college intranet providing the names and contact details of buying specialists in the group
- Minutes of the Procurement Group meetings
- Procurement features in your college newsletter



Good Practice: The Procurement Group will not be fully effective unless it includes a member of **every** department with buying responsibilities.

3.2 Creating a procurement strategy

About procurement strategies

A procurement strategy sets out the actions and processes that need to be in place to achieve your college's procurement goals. The strategy must align to the college's corporate strategic goals.

It should be created by the Procurement Officer or Procurement Liaison Officer, supported by the college's procurement champion and approved by your college's senior management team and board of governors.

How your college benefits

A formal procurement strategy will bring procurement objectives into line with the overall corporate strategy and requirements of your college.

Covering short, mid and long-term objectives, it enables the procurement function to work to targets and to be measured against key performance criteria to ensure focus and accountability. Other benefits include:

- Value for money procurement
- More efficient procedures
- Improved internal collaboration
- Effective partnerships with suppliers
- Better risk management

Into action

Once you have reviewed your current situation, talked to key people in your college and Procurement Group has been set up, you will be ready to write a procurement strategy. Follow these stages:

- **Set out your strategic aims and vision**, such as “Create a Centre of Procurement Expertise for your college”.
- **Identify your objectives**, such as:
 - Evaluate and improve current procurement practices to achieve better value for money
 - Ensure user needs are met
- **Work out an action plan** linked to each strategic objective. This should detail for each objective:
 - The actions needed to achieve the objective e.g.
 - To introduce four consortia framework agreements into the college each year
 - Key performance indicators to measure progress toward achievement of the objective e.g.
 - Number of consortia framework agreements in use this year
 - The value of business transacted using these frameworks
 - The value of business for the same goods/services not transacted via the frameworks
 - Timescales within which the actions will be completed e.g.
 - Having identified an appropriate arrangement, to
 - Investigate its potential benefit to the college
 - Prepare and implement a college-wide communication strategy within 1 month
 - Begin roll-out of the arrangement within 2 months
 - Have all relevant departments using the arrangement within 4 months
 - Who will be responsible for each of the actions
 - Identify key user-departments and their procurement link person
 - The anticipated achievement date e.g.
 - Full buy-in throughout the college within 6 months of the decision to adopt the arrangement

Don't reinvent wheels. There are plenty of [good examples of procurement strategies available](#) that you can adapt for your own use.



Good practice: Review your procurement strategy annually and amend it to reflect internal and external changes.

Need more information?

Go to [A Guide to Writing a Procurement Strategy](#)

3.3 Winning buy-in from colleagues

About winning buy-in

Effective procurement in any college depends on the buy-in of senior managers, staff and governors. Their support will help you to embed good practice throughout your organisation from the top down.

Different individuals will have different levels of understanding and experience of procurement. Your task is to make sure they know how important an effective procurement process is and understand the benefits it can bring.

How your college benefits

Taking others on the procurement journey eases the way when it comes to seeking approval for, and then implementing, new approaches and practices.

Staff will start to take the initiative and look for efficiencies themselves. Where they are already doing this, they will start to share this information so that you can record it.

In the current economic environment it is important that the college maximises its purchasing power - sound, proactive procurement practices supported by SMT and staff will help the college achieve this.

Into action

First, you need to identify everyone, in all departments, who is carrying out any type of procurement.

It is important to understand their goals and concerns. Questionnaires are a good way to find out how procurement is perceived, what would motivate colleagues to use a procurement service and any concerns they have.

The next step is to tell people about the benefits of using the service – what's in it for them! There are various ways of getting this message across, including:

- Publicising savings on your College Intranet
- Regular training or updates at meetings of the senior management team, governors or other staff
- A procurement newsletter

- Setting up a Procurement Group and appointing procurement champions – members of staff who can spread the procurement message
- Working with your Marketing team to find ways of communicating procurement successes
- Using regional meetings and publications as a channel for news about procurement

3.4 Minimising risks and their consequences

About minimising risks

An essential element of good procurement practice involves minimising risk to your college. That could mean financial, reputational or legal risk – all of which can have far-reaching and serious consequences.

How your college benefits

Simple steps can be put in place to reduce your college's exposure to risk. These can help ensure budgets are correctly used and that goods and services are delivered at the right time, to the right place and in the right quantities and condition.

While risk mitigation may require a little extra 'up-front' time, it can save losses, hassle and untold quantities of additional paperwork in the future.

Into action

The best way to approach risk management and to ensure nothing falls through the net is to follow a well-established process. People are also important when it comes to managing risk. For larger, more complex projects, involve as many 'experts' as possible, both from inside and outside the college.

Ask yourself these questions:

- What risks exist relating to specific goods or services that you are buying?
- How might these risks impact on the college's reputation?
- How will the suppliers' conduct be managed?
- What existing agreements are in place?
- What could potentially affect the suppliers' ability to operate?

See [A Guide to Managing Risk](#) for more information on this area. In addition, in [FELP](#) a number of tables are provided which consider the different types of risk that can occur throughout the procurement cycle and how these may be reduced.

3.5 Ethical Behaviour

Suppliers compete with each other for business, so they're likely to be persuasive and highly motivated. You must ensure that decisions are fair and unbiased.

- **Do** know what the rules are and stick to them. If you suspect that someone involved in the contracting and procurement process is acting in an unethical way tell your line manager (or an appropriate senior manager) immediately
- **Don't** use your position for personal gain. Always keep the highest standard of integrity in all your business relationships both inside and outside college. Do not use college suppliers and contractors for your own personal use. Make sure this is included in the financial regulations for all staff in your college and that this obligation is brought to the attention of all the college's staff
- **Do** declare and record any personal interest that might influence, or be seen by others to influence, your impartiality in any procurement exercise
- **Do** keep all commercial information strictly confidential and don't mislead people. Make sure that confidential information is not made available to competing contractors through carelessness, for example in debriefing unsuccessful tenderers, or by leaving files open on desks
- **Do** avoid any arrangement that might prevent fair and open competition; for example, use of a single tender where it is not necessary
- **Don't** accept gifts except low value business gifts such as diaries and calendars. If in doubt, contact your line manager
- **Do** remember there is no such thing as a free lunch. Don't allow your impartiality to be influenced by accepting hospitality
- **Don't** accept invitations to attend social functions without receiving consent from your line manager. The general rule is "if in doubt, don't accept"
- **Don't do** anything that you would not want your manager or the press to be made aware of

Recording gifts and hospitality

Make sure your college keeps a simple record of hospitality or gifts offered and received. This should show: who gave or offered it, the date it was received, its nature, approximate value, decisions taken and by whom.

Collusion and cartels

A cartel is an agreement between suppliers to fix prices or to share the market between them to reduce or eliminate competition. Cartel arrangements are invariably secret and unlawful. Let your line manager know if you suspect a cartel is operating.

The Bribery Act

Under UK law, there is a general offence of bribery. Bribery is defined as giving someone a financial or other advantage to induce them to perform their functions or activities improperly, or to reward them for having already done so.

In addition, there is an offence relating to failure by a business to prevent a person associated with it from committing the above offences on its behalf in order to win business, keep business or gain a business advantage for the organisation.

Bribery Act 2010 - [guidance on the Bribery Act is available](#).

3.6 Benchmarking your procurement function

About benchmarking

Benchmarking involves measuring how well your procurement function is performing year on year or against standards in the sector.

The most common benchmarking exercises are based on cost. Colleges may, for example, compare the prices they pay with those available under a consortium arrangement. You may want to benchmark the quality of service you provide as well.

How to benchmark procurement

The approach

There are many different ways to benchmark; you could start by following these steps:

- **Plan** - Identify what is to be benchmarked and identify the resource(s) required
- **Search** - List criteria to identify benchmarking partner(s); select it/them and establish contact
- **Decide** - What information you need, who will gather it and how
- **Analyse** - Put the information into an acceptable format and use it to identify the gaps in your own performance
- **Adapt** - Set targets and implement change

See [A Guide to Benchmarking the Procurement Function](#).

Price benchmarking

[National benchmarking exercises](#) are carried out by the CPC on some of the main commodity areas of college spend. Use this information to find out how competitive your suppliers are.

Process benchmarking

Benchmarking can also be used to determine if your procurement structure or processes can be improved. The benchmarking can be used to not only compare the college with others but also, to see how its procurement practices are changing year on year. Areas that could be looked at include:

- How you manage your procurement spend e.g. how much of the annual spend is placed using available contracts or framework agreements
- How the college manages its day-to-day procurement activity

Potential benchmarking outcomes

By reviewing the prices paid by the college and its processes you should be able to:

- Make some 'quick wins' by identifying preferential terms available from consortia arrangements and moving the college over to them. Reporting increased support of consortia arrangements and associated cost savings and efficiencies will demonstrate the benefits of using the arrangements
- Achieve more benefits and reduce risk by putting in place formal agreements in areas where no consortia arrangements are available. Do this by benchmarking how many formal agreements were used in the past and how many new ones are in place now. Highlight any cost savings and efficiencies achieved as a result of introducing formal agreements
- Establish a [Contracts Register](#) to keep track of spend captured under formal contracts/agreements and to enable you to plan for the arrangement's future renewal. This streamlines the procurement process and minimises the risk of running out of time when renewing the arrangement
- Improve your bargaining power and achieve better quality and value by moving similar business from many suppliers to one or a few (called 'supplier rationalisation'). Do this by benchmarking the number of suppliers you use now against number of suppliers you have used in the past
- Introduce new processes such as invoice consolidation and [government procurement cards](#). Do this by benchmarking the number of invoices received now against the number received in the past, and the number of orders raised and invoices paid now compared to those raised in the past (especially for small amounts). Once procurement cards have been in use for a number of years, benchmark current year's use against first year use

See [A Guide to Benchmarking the Procurement Function](#) for more information on benchmarking and key performance indicators.

How your college benefits

By building a realistic picture of what your college is achieving through its procurement practices, you will be armed with the right information to take action. For example, if you discover a consortium is offering better value for a particular product or service, it could be time to switch to their arrangement.

Benchmarking can lead to positive change and should be seen as an opportunity for continuous improvement rather than a threat.



Good Practice: Benchmarking should be carried out and results published regularly to ensure continuous improvement and that your achievements are recognised.

SECTION 4 – USEFUL CONTACTS

Listed below are some of the Contacts and Sources of Information you may find useful when dealing with Procurement issues.

[Further Education Library of Procurement](#)

[Crescent Purchasing Consortium](#)