



## **Procurement Workshop with Blaby District Council**

### **INTRODUCTION**

The Welland Procurement Unit is the procurement service shared by Blaby District Council and five other Local Authorities and are engaged to give specialist advice and assistance on all procurement matters.

The workshop was presented by Jerry Mumford and Peter Bignell who are both employed by the Welland Procurement Unit. The aim of the workshop was to explain in a practical way the procurement processes operated by Blaby District Council to help FSB members in the area gain a greater understanding to help them apply for local contracts.

### **NATIONAL LEVEL**

The 2008 Budget instigated the Glover Report entitled "Accelerating the SME Economic Engine" and in December 2008 the Chancellor agreed to implement the 12 Key Recommendations included therein.

Implementation took the form of the creation of 8 "Access for all" projects and examples of such were the creation of a central portal for all contract opportunities, simplification of the Pre Qualification Questionnaire and support for SMEs.

The promotion of SMEs continues and as recently as the 2010 Budget, the Government announced its intention to increase by 15% over the next three years the volume of procurement spend by Central Government given to SMEs.

### **LOCAL LEVEL**

Blaby District Council is a signatory to the FSB Small Business Engagement Accord and in line with said is keen to encourage a more productive dialogue with local businesses. The Accord represents Blaby District Council's commitment to taking a proactive approach to engaging with businesses so they are given the fullest opportunity to participate.

Blaby District Council procurement operations are subject to a wide range of Central Government regulations and objectives which aim to ensure that all spend represents value for money along with consideration for economic, social and environmental implications.

Blaby District Council procurement operations are governed by the Contract Procedure Rules which are part of their Constitution, which in turn are subject to the European Procurement Directives. The Rules govern the way in which BDC buy using public money and they provide for transparency, fairness and equal treatment.

Blaby District Council spends, based on recent financial information, close to £7million in procurement activity below the EU Threshold with approximately 1000 Suppliers. Of these Suppliers over 50% are local or regional Suppliers and these Suppliers account in value terms for 70% of the total spend.

## CONTACT DETAILS FOR BLABY DISTRICT COUNCIL AND WELLAND PROCUREMENT UNIT

**Blaby District Council**  
Desford Road  
Narborough  
Leics LE19 2EP

**Welland Procurement Unit**  
c/o Melton Borough Council  
Nottingham Road  
Melton Mowbray LE13 0UL

Jim Holden: [jlh@blaby.gov.uk](mailto:jlh@blaby.gov.uk)

Jim Holden, Deputy Chief Executive, Blaby DC will ensure that your company details are circulated to the correct department.

Peter Bignell: [pbignell@melton.gov.uk](mailto:pbignell@melton.gov.uk)

Peter Bignell, Procurement Officer, Welland Procurement Unit will Ensure that your details are circulated.

With the small contracts, the majority of purchases below EU thresholds do not have to be advertised. Blaby District Council, as well as all local authorities, will use businesses that they are aware of, have given good service in the past. As the contract value rises, a requirement for written quotations comes into play. Ensure that you are asked to quote by making your business stand out.

Write to both Blaby District Council and also Welland Procurement Unit. "Relationship Marketing" is a very important tool. Jim Holden and Peter Bignell will circulate your business information to the relevant people within their organization.

**Remember:** Keep in touch with both parties. If you introduce a new product, new service, your business has grown or time has gone by, write to both parties again. Keep your company in front of them. If you have any questions, both parties will be pleased to help.

Make a point of finding out what contracts/services are purchased by the Local Authority. It is important for you to build up a working knowledge of how the procurement works and what is required. Each public sector organization can work differently and put differing levels of value in place. If you are interested in doing business with other local authorities for example, contact the authority and ask.

## THE PROCUREMENT PROCESS

### For procurements below £50 000

- Advertising (not required but changes are coming)
- The selection of Companies to Quote
- Request for Quotation
- Submission of Quotes
- Evaluation
- Award

## THRESHOLDS

- Value of procurement up to £1500 then it is up to the Officer to define the most appropriate approach
- Value of procurement £1501 to £5000 then there is a requirement for two (2) independent written Quotations
- Value of procurement £5001 to £50000 then there is a requirement for three (3) independent written Quotations

- Value of procurement £50001 to EU Procurement Directive Threshold then there is a requirement for a Tender process that includes Advertising, Pre qualification and Tenders from at least four Companies/Organisations

<b>EU Procurement Directive Threshold:</b>	<b>Goods and services</b>	<b>£ 156 442</b>
	<b>Works</b>	<b>£3 927 260</b>

- Official OJEU Notice to be posted
- Advertise award criteria and weightings
- Select appropriate process Open or Restricted or
- Competitive Dialogue
- Prescribed timescales for all procedures
- 10 standstill period
- Award notification letters
- Award

## **TENDERING FOR CONTRACTS ABOVE £50,000**

### **POLICIES OVERVIEW**

A key requirement of pre-qualification and tender processes is having certain policies in place. The most common core requirements are to have policies in the areas of:

- Quality Assurance
- Health & Safety
- Equal Opportunities
- Environment & Sustainability

In addition there are a range of other areas where evidence may be required including:

- Business Ethics
- Corporate Responsibility
- Business Continuity
- Travel

### **WHY HAVE POLICIES?**

Even for organisations not intending to competitively tender for contracts there are numerous reasons and business benefits to having robust policies in place, including:

- They help to clarify and articulate values, principles and working approaches within the organisation for clients and for staff
- Ensuring legal compliance
- Increased customer satisfaction
- Business efficiencies
- Increased profitability
- Performance improvement
- Improved workforce morale

## PRE-QUALIFICATION QUESTIONNAIRE

The Pre-qualification process is used to decide who will be invited to tender. Typically, prospective suppliers complete a Pre-qualification Questionnaire (PQQ) which evaluates whether a company is 'Fit to Supply'. This document is a most important document and one to ensure is completed correctly. This is the first stepping stone to being invited to tender.

By way of the PQQ you must demonstrate that you are an appropriate choice of supplier. PQQ differ for each contract – for the majority of lower value contracts, you will not be required to back up the information at this stage with documents, however the purchasing organization may ask to see these documents at a later stage, so it is advisable you ensure that they can be made available upon request. You may also be contacted to clarify answers or provide more details on certain issues. But, it is important to remember that not all PQQs will follow this line, some PQQs may ask for back up documentation.

### Some basic tips

- **Read the document carefully – PQQs differ for each and every contract. The majority of the time it will only require a “cut and paste” exercise.**
- **A considerable amount of businesses lose out because they do not enclose or answer what was asked for.**
- **Ensure that you adhere to the deadline date and time. Submission of documents one minute past the due time, means that you are not considered at all.**
- **Ensure that each question is answered appropriately.**
- **Ensure that all the information you give is up to date.**
- **Be compliant.**
- **Ensure that your policies are up to date and ready to be submitted if invited to tender. If you require help on policies, remember as an FSB member, the member section of the website ([www.fsb.org.uk](http://www.fsb.org.uk)) will provide you with a template for each policy.**
- **It is important to have relevant policies within your business. Not just for tendering purposes. How you fill in the PQQ question relating to policies, will show the buyer whether these policies are embedded into your everyday running of the business and not just in a folder on the shelf.**
- **If a question does not apply to you write N/A. If you do not know the answer to a question write N/K.**

## THE FULL TENDERING PROCESS

Our workshop was to help you gain business at a local level. If you require help on the full tendering process, then please contact Maxine Aldred, Regional Organiser on 0116 2597 707 or via email [Maxine.aldred@fsb.org.uk](mailto:Maxine.aldred@fsb.org.uk).

## WHERE TO FIND OPPORTUNITIES

- Local authority website
- Local press
- [www.supply2.gov.uk](http://www.supply2.gov.uk) – search for lower value contracts for free
- <http://www.espo.org/pdfs/WorkingWithSuppliers.pdf> - ESPO (East Shire Purchasing Organisation). Mainly purchases high end contract values, but this link will take you to advice for SMEs. There is no harm in contacting ESPO and talking through any opportunities.
- [www.sourceleicestershire.co.uk](http://www.sourceleicestershire.co.uk) – not many contracts are advertised on this site and it is poorly supported, but if you go to the Recurring Contracts section information is available on contracts that will come up again for tender. There is also [www.sourcenorthamptonshire.co.uk](http://www.sourcenorthamptonshire.co.uk) and [www.sourceeastmidlands.co.uk](http://www.sourceeastmidlands.co.uk)
- **CompeteFor website: [www.competefor.co.uk](http://www.competefor.co.uk) – the lower value contracts are now coming on board and might be useful. You need to register with this site – check carefully how to do this.**

- **There are other websites that will demand a fee, but worth checking out for example:**  
[www.constructionline.co.uk](http://www.constructionline.co.uk)

## **COLLABORATIVE BIDDING**

Collaborating with other companies is often suggested as a way for small businesses to overcome capacity issues and therefore achieve greater success in formal tenders. There are a variety of ways in which you can collaborate on bids ranging from subcontractor arrangements to consortium bids. There are pros and cons to each approach.

In collaborative bidding the Team must develop the correct structure and right mix of tools if they are to successfully challenge for contract opportunities. Although public sector organisations have procured collaboratively for decades there is little guidance or support networks for suppliers following this route.

A recent Scottish Government report (November 2009) into SME's and Collaborative bidding found four main barriers to success:

- Organisational Barriers
- Logistics of the Consortia
- Contract Sum
- Public Procurement Processes

The success of a Consortia will be based on:

- Quality of relationship
- Complimentary skills
- Trust
- Commitment to sharing risks, profits etc
- Fairness
- Communication

SME's working together can achieve capacity and economies of scale that cannot be achieved by standing alone, and Blaby District Council recognise this so will always review formal and informal consortia approaches to tendering.

## **2<sup>ND</sup> AND 3<sup>RD</sup> TIER OPPORTUNITIES**

This is currently at the regional stage at present whereby organisations such as East Midlands Property Agency are running workshops for smaller Contractors who may be interested in Supply Chain opportunities.

Blaby District Council will encourage Prime Contractors to consider SME's in their Supply Chain but the focus will always be on best practice. So encouraging will not extend to dictating detailed behaviour, for instance, that a Prime Contractor will be given any advantage for use of SME;s as this is not compatible with the procurement rules.

**But it is important to recognize that there may be opportunities for SMEs and you may wish to keep your eye on what tenders are being won around the area. The FSB are working hard to encourage all local authorities to list their Contract Award companies to at least give SMEs an opportunity to contact them.**