



Guide to Procurement

For

Capital Grants

Guide to Procurement for Capital Grants

It is important that those in receipt of Capital Grant Aid follow procurement procedures to ensure:

- a) the goods, services and works required to develop the project are procured in a fair, open and transparent manner and;
- b) Value for Money when procuring goods, services and construction works is achieved.

This guide should be read in conjunction with the Terms and Conditions as set out in your Letter of Offer.

Grant Recipients should liaise with the Council's Grants and Investment Team at all stages of the procurement process to ensure that the process is followed correctly.

1. Procurement Requirements

- 1.1 Grant recipients must seek quotations/tenders **from relevant, experienced and bona fide suppliers** in accordance with the following in order to demonstrate value for money. The table below should be used to determine the correct procurement process to be followed, thresholds are based on the value of the works/services to be undertaken;

| <i>Estimated Values</i> | <i>Evidence Required</i> |
|-------------------------|---|
| Up to £999 | Undertake Price Comparison (Value for Money) |
| £1,000 to £2,999 | At least 2 quotations: obtain price comparison through written/email/internet information based on a detailed specification |
| £3,000 to £9,999 | At least 3 written quotations: obtain price comparison through written/email/internet information based on a detailed specification. *If you wish to include a quality element to your scoring process it is essential that you contact a member of the Grants and Investment Team before proceeding. |
| £10,000 to £29,999 | At least 4 written quotations: obtain price comparison through formal Request for Quotation process. |
| £30,000 and above | Public Tender in accordance with Tender Procedures. |

You will be required to liaise with a Council Officer to agree each stage of the procurement process i.e. preparation of specification and associated documentation prior to issue and assessment of returned quotations prior to award. This is to confirm that all guidelines are adhered to.

For procurement valued up to £999, the Council reserves the right to request evidence of Value for Money.

For procurement thresholds above £999, you must provide all procurement documentation including a detailed specification/request for quotations and associated documentation/correspondence to the Grants and Investment Team for approval.

- 1.2 The value of the project **must be calculated** as the total cost of the works, i.e. procurement must be undertaken for the complete construction works and not be un-necessarily split into individual phases or trades. This means for example; that construction works must not be broken down into component parts to avoid the procurement threshold requirements. This also applies to goods and services. Please note, the procurement limits are based on the value of the project and not the grant award
- 1.3 There could be instances when several procurements may have to be carried out. In this case, the procurement guidance should be applied to each item(s), service(s) or works. You must seek the prior approval of the Grants and Investment Team if there is a need to split works into component parts
- 1.4 There should be no conflict of interest between the grant recipient and the individual/business quoting/tendering for the work or carrying out the work. Individuals involved in the delivery of the project, that is, staff, volunteers or board members of the Grant recipient organisation cannot benefit personally from the award of this grant. This means that they cannot be paid for the provision of goods or services from the grant. This includes immediate family members.

The Grants and Investment team must be made aware of any potential conflicts of interest; for advice on this matter to ensure your grant award is not put at risk.

2. Preparing a Specification

- 2.1 Grant recipients must prepare a specification for all the goods, services or works to be procured. The purpose of the specification is to tell potential suppliers/contractors what is needed. Specifications should be unambiguous and include a clear statement of requirements/needs
- 2.2 The specification must not refer to specific suppliers, manufacturer names, makes, or models of equipment and must be sufficiently detailed to allow a fair comparison of like for like costs.
- 2.3 Annex 2 contains a sample format to follow when developing a specification. The specification must include all the information needed for the eligible goods, service or works to be procured to complete the project. When drawing up the written specification it is important that the following are considered and detailed:
 - **Construction Works** – detail for example, the proposed development; works required; approved plans and bill of quantities; roles and responsibilities including quality assurance, Building Control and certification of any works or installations; timescale and expected outcome.
 - **Non-construction Services** – detail for example, the service required, timescales, expected outcomes, or if relevant qualifications required.

- **Goods/items** – name of the item, number required, size or specification for the item, any attachments necessary for operation, warranty requirements etc.

The installers/suppliers of goods/equipment must be able to quality assure such items. Therefore, the specification and quotation/tender documentation should include an element to cover the quality of the product/service. The need for accreditation must be considered and if required, a reputable third-party certification body must provide this.

2.4 The following are examples of other information which may be included in the specification to help to identify which supplier/contractor may be selected based on value for money:

- Delivery and installation costs,
- Guarantees and / or warranty,
- Delivery date (if it will affect project completion),
- After sales service,
- Training or instruction,
- Dates for work to be started and completed (construction works),
- Time limit on how long the price quoted lasts for,
- Timescale/date for return of quotations or tenders. A reasonable timescale must be allowed for return of quotations/tenders. A minimum of 20 working days for building/construction works and 10 working days for all other procurements should be allowed. The timescale starts from the date of publication of the advert or notification of request for quotation.

When considering delivery dates and/or work start and end dates grant recipients must take account of their Letter of Offer to ensure that realistic timescales are provided to potential suppliers.

An identical specification(s) **must** be sent to all suppliers asked to quote or tender.

Please Note: a draft specification and details of the proposed procurement process must be forwarded to the Grants and Investment Team for approval prior to issue.

3. **Goods, Services and Works valued between £1 - £29,999**

There a number of requirements that need to be met when procuring goods/services as part of a grant funded project. The approach required will vary depending on the value of the works to be procured and the thresholds outlined in Section 1. The following section outlines the process required for each threshold.

Reminder: You must liaise with the Grants & Investment Team prior to issuing your specification to prospective suppliers and again once you have received all quotations back prior to award to contract.

3.1 - Up to £999

3.1.1 For goods/services valued between £1-£999; Value for Money should be sought through price comparison. Price comparison can be obtained by seeking quotations/ price comparison via telephone, in writing, email or internet searches.

Whilst a detailed specification is not required for this level of procurement, it is necessary to have an adequate description of the goods/services required.

3.1.2 If grant recipients are approaching suppliers for quotations via telephone, email or in writing the following evidence should be kept;

- Email/correspondence issued to business and response received in writing or email
- Letter/email from business acknowledging receipt and rejecting invitation to quote
- Record of response received including businesses that were contacted but did not respond
- Record of any telephone calls made to seek a quotation to include, date/time, name of business contacted, telephone number and quotation/price received.

3.1.3 If grant recipients are seeking quotation via an internet search, they should complete the on-line ordering screen to the point where payment details are entered. The price quoted at this point should include delivery and for example any discounts. The screen page should be printed along with the specification details of the equipment to prove that each quote is for the same equipment specification. The date of the search should also be included on all printouts

3.1.4 The Grants & Investment Team reserve the right to view any of the documentation indicated above to verify quotations sought. The Grants and Investment Team also reserve the right to verify some or all quotations submitted with the supplier to confirm the validity of the quote.

3.2 £1,000-£9,999

The following information is general guidance on how to undertake a quotation process.

Please refer to the table in Section 1 for a breakdown of the number of quotations required. Grant recipients should prepare a detailed specification of the goods/services required, see section 2 for information on preparing a specification. Quotes can be obtained through written/ email/internet information based on a detailed specification.

3.2.1 Each supplier contacted for a quotation must be provided with a detailed written specification and advised of:

- a) the return due date and time for receipt of quotations
- b) the terms and conditions for return of the quotation, for example,
 - on business headed paper with the supplier's name, address, contact information, Company & VAT registration numbers (if applicable),
 - be sufficiently detailed to show how the specification is priced and allow comparison of like for like to assess best value, for example itemised costs, note any variance from the specification,
 - detail the period for which the cost will be held,
 - returned via email, post or hand delivered,
 - e-mailed quotes must clearly identify the business / supplier
 - post or hand delivered should be on headed paper signed and dated by a company employee.

c) If an internet search is being carried out, please see below:

If seeking quotation via an internet search, the grant recipient should complete the on-line ordering screen to the point where payment details are entered. The price quoted at this point should include delivery and for example any discounts. The screen page should be printed along with the specification details of the equipment to prove that each quote is for the same equipment specification. The date of the search should also be included on all printouts.

The quotation accepted must represent the best value for money. If the highest scored compliant quote/tender is not being accepted or the required number of quotations have not been received, you must seek approval from Grants and Investment prior to award. Email: grants@fermanaghmagh.com or telephone 0300 303 1777.

If you wish to include a quality element to your scoring process it is essential that you contact a member of the Grants and Investment Team before proceeding.

Please Note: Draft procurement documents along with details of the proposed procurement process should be sent to the Grants and Investment Team before they are issued this should also be the case if seeking quotations via an internet search; and

Following completion of the procurement process, **all procurement documentation** should be submitted to the Grants and Investment Team prior to awarding a contract.

Failure to comply with Council Procurement Guidelines will result in penalty or non-payment of grant.

NOTE: the Grants and Investment Team reserve the right to verify some or all quotations submitted with the supplier to confirm the validity of the quote.

3.3 £10,000 - £29,999

The following guidance advises on the requirements of a formal Request for Quotation process. Please refer to the table in Section 1 for a breakdown of the number of quotations required.

3.3.1 Each supplier contacted for a quotation must be provided with a detailed written specification and advised of:

- a) the return due date and time for receipt of quotations
- b) the terms and conditions for return of the quotation, for example;
 - on business headed paper with the supplier's name, address, contact information, Company & VAT registration numbers (if applicable),
 - be sufficiently detailed to show how the specification is priced and allow comparison of like for like to assess best value, for example itemised costs, note any variance from the specification,
 - detail the period for which the cost will be held,
 - returned via email, post or hand delivered,
 - e-mailed quotes must clearly identify the business / supplier
 - post or hand delivered must be on headed paper signed and dated by a company employee,
- c) name of person available within the group to provide clarification along with their contact details
- d) how successful quotes will be selected i.e. price only or price and quality. If using price and quality, it is essential that you speak to the Grants and Investment Team before preparing your specification
- e) The terms and conditions for submitting a quotation may be added to the specification or included in a cover letter or email inviting quotations. Annexes 2 and 3 contain sample templates. The sample templates provided as part of this guidance are examples. Grant recipients may wish to use these or similar.

Please Note: documentation associated with the formal request for quotation and details of the proposed procurement process must be forwarded to the Grants and Investment Team for approval prior to issue.

3.3.2 The grant recipient should record the quotes received including any notes regarding suppliers that have declined to quote. (Annex 4 contains a sample template).

3.3.3 To ensure that the quotations are assessed fairly and accurately and are like-for-like, grant recipients should satisfy themselves that the quotation / tender covers the full extent of the specification and should ensure that:

- each item listed on the specification is included in price;
- delivery date/timescale for delivery of service/completion of works can be met,
- delivery charges, warranty (if applicable) are included, and
- if VAT is chargeable or not.

3.3.4 Following the closing date, Suppliers should not be contacted for additional information however they can be contacted to clarify any information contained within the quote.

3.3.5 Quotations received after the closing date should not be considered.

Please Note: Following completion of the procurement process, all procurement documentation should be submitted to the Grants and Investment Team prior to awarding a contract.

3.4 General Notes on Quotation Processes

- Quotations should be sought from relevant, experienced and bona fide suppliers. It is advisable for grant recipients to research potential suppliers before sending invitations to quote.
- Grant recipients should check that prices quoted do not include hidden extras such as:
 - maintenance agreements
 - after sales service and/or technical assistance charges outside those included in the specification,
 - higher specifications than required, or
 - running costs e.g. hosting a website.
- The quotation accepted must be the lowest acceptable price. If the lowest quotation is not going to be accepted, approval must be sought in writing to the Grants and Investment Team. The grant recipient must outline their reasons for not proceeding with the lowest price.
- If a supplier requests clarification on anything contained within the request for quotation document, the query and response should be communicated in a generic email to all bidders contacted during the process.
- In some cases the applicant may choose to advertise publicly regardless of the value of the procurement. The correct number of quotations required as detailed in Section 1.1 will still apply regardless of the number of responses to the advertisement.
- If the required number of quotations have not be received, please contact the Grants and Investment Team

Please Note: Draft procurement documents along with details of the proposed procurement process should be sent to the Grants and Investment Team before they are issued; and

Following completion of the procurement process, **all procurement documentation** should be submitted to the Grants and Investment Team prior to awarding a contract.

Officers are available to assist you with this process and offer guidance at all stages of the procurement process. You are encouraged to avail of this support to ensure your grant award is not jeopardised.

NOTE: the Grants and Investment Team reserve the right to verify some or all quotations submitted by the supplier to confirm the validity of the quote.

4 Goods, Services and Works valued greater than £30,000

4.1 For Goods, Services or works valued greater than £30,000, grant recipients must follow the Open Tender procurement process:

The Goods, Services or Works, must be publicly advertised. The applicant must advertise the procurement requirement in either a local newspaper or in a regional daily newspaper or trade journal appropriate to the type of business. A minimum of 20 working days for building/construction works and 10 working days for all other procurements should be allowed. The timescale starts from the date of publication of the advert.

The advertisement must state the closing date and time for submission of completed tenders.

Note: In addition to the advertisement and in order to achieve value for money, it is recommended that the grant recipient seek out potential suppliers to issue the tender pack to, in the event that there is no response or little response to the advert. This may prevent having to re-advertise should no response be received. If only one response is received, the Grants and Investment Team will ask for the grant recipient to seek an additional tender price to ensure value for money is being achieved.

A sample Advertisement can be found at Annex 1

A sample Invitation to Tender letter can be found within Annex 3.

A tender pack should include the following:

- (a) detailed written specification for the item(s), service(s) or works required, see previous section 2 and Annex 2 for detail
- (b) the criteria for how the successful tender will be selected – only to be included if the grant recipient is using both price and quality; this should be discussed with Funding and Investment.
- (c) name of group seeking works to be undertaken
- (d) name of person available to provide clarification along with their contact details
- (e) the tender return due date and time
- (f) the terms and conditions for return of the tender, for example:
 - completion of a tender document (sample in **Annex 2**),
 - on business headed paper with the supplier's name, address, contact information, Company & VAT registration numbers (if applicable),
 - be sufficiently detailed to show how the specification is priced to allow comparison of like for like and to assess best value, for example itemised costs, note any variance from the specification etc.,
 - manufacturer's warranty, follow-up service, (if applicable)
 - relevant insurances to carry out the works,
 - qualifications, experience, previous jobs relevant to the service to be provided,
 - detail the period for which the cost will be held,

- returned via post or hand delivered in a plain unmarked envelope labelled 'Tender' but not identifying the sender/prospective supplier.
- (g) any terms and conditions to be attached to the award of contract, for example applicants may require the successful tenderer to sign an agreed contract for delivery of the item(s), service(s) or works.

The sample templates provided as part of this guidance are examples. Grant recipients are encouraged to use these or similar.

Please Note: Draft procurement documents along with details of the proposed procurement process should be sent to the Grants and Investment Team before they are issued; and

Officers are available to assist you with this process and offer guidance at all stages of the procurement process. You are encouraged to avail of this support to ensure your grant award is not jeopardised.

4.2 Returned Tenders

Tenders submitted by the closing date are considered final, grant recipient should record the date and time that the tender was received on the envelope. If any tenders were received after the closing date, these should be marked as late and should not be considered in the assessment.

When the closing date/time has passed the grant recipient should open all tenders received and record the tenders including any notes regarding suppliers that have declined to quote. (Annex 4 contains a sample template).

Suppliers should not be contacted for additional information, however they can be contacted to clarify any information contained within the quote.

Following completion of the procurement process, **all procurement documentation** should be submitted to the Grants and Investment Team prior to awarding a contract.

NOTE: the Grants and Investment Team reserve the right to verify some or all quotations/tenders submitted by the supplier to confirm the validity of the quote.

5 Documentation

Grant recipients should retain all evidence of seeking and receiving quotes/tenders, notification of the successful and unsuccessful contractors, and any contract/follow-up agreement with the successful supplier/contractor. Examples of this information include:

- Copy of the specification,
- Public advertisement (if applicable)
- Emails/correspondence inviting tenders,
- Tenders received,
- Tender submission record,
- Details of tender scoring (if a quality element is applied in assessment)
- Letter of award of contract and successful letters
- Invoices,

- Proof of payment,
- Explanations or justifications for any variation from the agreed procedures.

This list is not exhaustive and you should refer to the Terms and Conditions for other requirements.

6 Publicity

The Fermanagh and Omagh District Council logo should be included and where possible, the strapline 'this project is part-funded by Fermanagh and Omagh District Council' in any procurement documentation issued as part of your Capital Grant project. Please see the 'Guidance Note on Information and Publicity' document on the Funding and Grants page of the Council website (www.fermanaghomagh.com) for further guidance.

7 Other useful Information for Grant Recipients

- 7.1 If the applicant is registered for VAT they are required to collect reimbursement of the VAT charges through their normal VAT return procedure. Therefore, the cost of the procurement for VAT registered applicants is calculated using the net cost, i.e. the cost of the item(s), service(s) or works excluding VAT.
- 7.2 If the applicant is not registered for VAT the cost of the procurement is the gross cost, i.e. the cost of the goods / services / works after VAT has been added.
- 7.3 Failure to fully comply with the procurement procedures as set out in this guidance will result in the disallowance of all or part of any funding.

Annex A

Best Practice Pack

Summary of Procurement Procedures and Forms

The forms contained within this section are examples of best practice

Annex 1 - **Sample Tender Advert for Construction Works:** for projects valued at £30,000 and above

Annex 2 - **Sample Specifications**

Annex 3 - **Sample Letter of Invitation to Tender**

Annex 4 - **Quotation / tender receipt and price record**

This form should be used to record those who have quoted / tendered and their associated price for the works requested.

Notice to Contractors

<Insert Group Name>

<Insert Quotation/Tender Title?>

Applications are invited from competent contractors for completion of:

<INSERT Quotation/Tender title or project title>

Tender documents can be obtained from:

<Insert Contact Details>

Completed forms should be returned in a plain sealed envelope marked “INSERT QUOTATION/TENDER TITLE” no later than:

<Insert Date/Time>

Specification Document

Request For Quotation (RFQ)

Quotation for insert title

(FOR INFORMATION ONLY)
(Group contact detail to be inserted here)

Quotation Reference: 000 aaa 000 aaa

Closing date for return is (insert date)

Quotation Ref:
Quotation for insert title

SECTION 1:

INTRODUCTION

(Insert Group name) invite quotations for the E.g. supply and refit/extension for a steam room and a retile of the steam room shower.

SECTION 2:

BACKGROUND

E.g. Leisure Centre ABC is a busy leisure complex with approximately 300,000 users per annum. The steam room has an annual through put of 46,081. The current steam room is in a bad state of repair and needs a refit. At the same time of the refit an extension will also take place to make the steam room 3.2m by 2m. As this area is a well-used area it requires high quality and durable mosaic tiled finish.

The steam room shower also needs to be retiled including the floor and walls, the dimensions of the shower are 2620 x 1720.

CONTRACT DURATION

The contract will be for a period of 10 weeks and commence on the 01 June 2018 .

SECTION 3:

Purpose and Scope of Contract

E.g. Refit and extend the steam room and re tile the steam room shower at Omagh Leisure Complex. The steam room will still be located in its original position but an extension will happen at the back of it to increase space. The size of the new steam room will be 3.2m by 2m. The steam room shower also needs to be retiled including the floor and walls, the dimensions of the shower are 2620 x 1720, tiles, gout and tanking will be supplied by the contractor.

The duration of the work should take one week and should provide a minimum warranty of one year. The contractor will have access to this area Monday to Friday 7am-10pm and Saturday and Sunday 9am-6pm

All costs should include labour, materials and any additional expenses. The duration of the project should take ten weeks

Quotations should be valid for 3 months.

Essential Elements for Specification – Example 1

****No Changes are permitted to the Description column**

| Item | Essential Elements Description – detail each individually | Quantity | Cost £ |
|------|--|------------------------|--------|
| 1 | Remove the old steam room | Item or m ² | £ |
| 2 | Installation, reinforcing and tanking of the area before the framework is manufactured. | | |
| 3 | Framework of steam room will be manufactured with <u>insert specification</u> | | |
| 4 | The ceiling will be barrel vaulted | | |
| 5 | Suitable lighting installed in front all seats | | |
| 6 | Steam room seats, ceiling and walls to be tiled with mosaic tiles. Tiles will be provided by contractor. Tile colour will be selected by the group when the contract is awarded. | | |
| 7 | Floor surface to be tiled with non-slip tiles. Tile will be provided by the contractor. Tile colour will be selected when the contract is awarded. | | |
| 8 | SS vent cover, steam jet and guards to be supplied and fitted | | |
| 9 | All original connections should be reconnected. | | |
| 10 | The steam room shower will be retiled with matching tiles to the steam room. Measurements of the shower are 2620x 1720 Tile colour will be selected when the contract is awarded. Tile will be provided by the contractor. | | |
| 11 | Commercial grade adhesive and anti-fungal grout to be used. | | |
| 12 | The health suite will be operational during the installation. The successful contractor should cordon of the works area to prevent access by patrons. The health and safety of health suite users must be upheld throughout the contract with minimal disruption | | |
| 13 | Steam equipment is to be re commissioned on handover and all of the original fittings will be reattached. | | |

| | | | |
|--|---|-------------------------------|--|
| 14 | The successful contractor must leave the site clean and tidy on completion of work | | |
| 15 | A detailed Risk Assessment and Method statement covering all aspects of how the work will be carried out must be provided by the successful contractor. | | |
| | | Total Net | |
| | | VAT | |
| | | Total Cost (inclusive) | |
| Total Cost in words: | | | |
| Contractor Name: Contractor Address: Contact Telephone Number Contact email | | | |
| Signed: | | | |
| Date: | | | |
| This Quotation is valid for _____ Months | | | |

FORM OF QUOTATION/TENDER

TO: insert name of group

Undertake the insert project name

Mr Sir/Madam,

Having examined the Drawings, Conditions and Schedules for the above-mentioned works, we offer to carry out the whole of the said works in conformity with the said Drawings, Conditions and Schedules for such sum as may be ascertained in accordance with the said Conditions.

Unless and until a formal Agreement is prepared and executed this quotation, together with your written acceptance thereof, shall constitute a binding Contract between us.

We understand that you are not bound to accept any quotation you may receive.

Our Quotation Sum is £_____ (excl VAT)

Amount in words:

I/We agree that this is a Fixed Priced Contract and is valid for _____ months

Signed:_____

Name: _____

On behalf of (Company) _____

Address: _____

Telephone:_____

Date _____

E-mail Address

(please note this may be used for correspondence)

<name>
<address>

<date>

Dear Sir

[You are invited to tender for the supply (and delivery) of **<List Goods, Services or Works required / as per attached specification>**.

If you wish to take part in this contract competition, please complete the enclosed tender form and return it to arrive at the above address not later than **<specify a time and date>**.

The contract sum as specified in the tender should be a “fixed price”. The length of time the price is valid should be stated. Failure to quote a fixed price may result in your tender being excluded from the competition. The contract sum as quoted in the tender should include all delivery, installation, commissioning and handling charges.

[I/We] require <detail requirements, i.e. delivery on or before, immediately, indication of when liability for the goods/service/work transfers to the purchaser, assurance that all Statutory Requirements are being met, etc.>.

[I/We] reserve the right to:

- (a) Accept part of any quotation unless it is clearly stated that the tender may only be considered as a whole and
- (b) Not necessarily to accept the lowest or any quotation.

Yours faithfully

Quotation /Tender Receipt and Price Record

Quotation /Tender for: _____

Closing Date: _____

| Name of Supplier quoting / tendering | Date Quotation /Tender Received | Price Tendered / Quoted (exc Vat) | COMMENTS |
|--------------------------------------|---------------------------------|-----------------------------------|----------|
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |

I/We certify that _____ quotations/tenders were received on or before the due time and were opened by me/us on _____ (Date)

There were _____ late quotations/tenders.

Name(s) in CAPITALS: _____

Signed: _____