

# Community Led Local Development

## Guidance Note: Procurement

What is it and why is it important?





## **CLLD Procurement**

### **Introduction**

When you purchase items using European funds you have to follow processes set out by the funders. You will also have to evidence that everything you buy for the project (be it goods, services or works) has been purchased in a transparent and fair way and provides value for money.

Procurement is a very complex area and auditors always check procurement records in great detail. Any errors will result in financial penalties, these are usually between 5% and 25% of the grant value in relation to the purchases in question, however in some cases they can be up to 100%.



### What do I need to do?

The procurement requirements, depending on the value of your purchase, are set out below:

Value	What to do?	Advertising?
£0 - £24,999	Direct award	None
£25,000 - £200,000 (services) and £4.5m (works)	Your advert needs to incorporate or direct any interested party to the following information: <ul style="list-style-type: none"> <li>• Details of the opportunity</li> <li>• What is required from all interested parties</li> <li>• How successful candidate will be chosen</li> <li>• Deadline and details of how to apply Justification will also be required to demonstrate that the contract award is in line with the advert</li> </ul>	Advertise the opportunity on the grant recipients/or other appropriate website for 10 days.
£25,000 - £200,000 (supplies)	3 written quotes or prices sought from relevant suppliers against a clear specification Justification that a reasonable decision has been made on the basis of the quotes/prices	None
Over £200,000 (services and supplies) and £4.5m (works).	The advert needs to incorporate or direct any interested party to the following information: <ul style="list-style-type: none"> <li>• Details of the opportunity</li> <li>• What is required from all interested parties</li> <li>• How successful candidate will be chosen</li> <li>• Deadline and details of how to apply Adhere to the Guidance on Identifying, Managing and Monitoring Conflicts of Interest within ERDF and ESF, and submit a declaration to MHCLG or DWP; Impartially assess each bid against the same criteria and demonstrate this through use of a score/evaluation sheet; and Provide evidence to demonstrate that the winning bidder has been selected on merit – as a minimum this should include a rationale behind the decision to award</li> </ul>	Advertise the opportunity on the grant recipients/or other appropriate website for 10 days.

*\*thresholds relevant for the period 1 January 2018 – 31 December 2019. They are updated every two years.*

All these values are net of VAT.



When deciding which category your spend falls into you cannot artificially divide your purchases to lower the individual value, e.g. if you are planning five training sessions and would like to find a catering company to provide lunch for participants, you should estimate your catering costs based on all five sessions and not just one.

If you are estimating that the value of your purchase may be very close to one of the thresholds listed above, we recommend that you use the more rigorous procedure.

If you are going to carry out a formal tender you must contact us for further guidance and support so we can ensure the procurement is carried out by staff experienced in this area.

## **More information to help you buy your items compliantly**

### **Direct Award (purchases up to £24,999)**

Direct Award can be used for purchases below £25,000 (excluding VAT) from one supplier. (Multiple items from the same supplier should be grouped together and a single quote obtained that covers all the items).

The quote must be obtained against a clearly worded written specification about the item you wish to purchase (unless it is a web quotation). The specification sent to the supplier requesting a quote is referred to as a Request for Quotation (RFQ). Your RFQ, the corresponding supplier's quote and covering emails must be presented together to the CLLD team as part of your full application.

If your specification is not detailed enough it may result in your quote being rejected and result in a delay to your application. A quote from a supplier, as a minimum, must detail the following elements:

- Be on supplier letterhead detailing their address, company number and VAT status and VAT registration number (if appropriate).
- Be addressed to the applicant's business.
- The quote must make reference to your CLLD reference number i.e. C2C\*\*\*\*, AM\*\*\*\*, SE\*\*\*\*, WC\*\*\*\*

### ***Guidance on how to write a compliant specification and what should be in the corresponding quote***

The key to all procurement is to produce clear information at all times. Below are some tips to help you:

*If a quote cannot be obtained from the internet then discuss your requirement with your preferred supplier(s).* Follow the steps below:

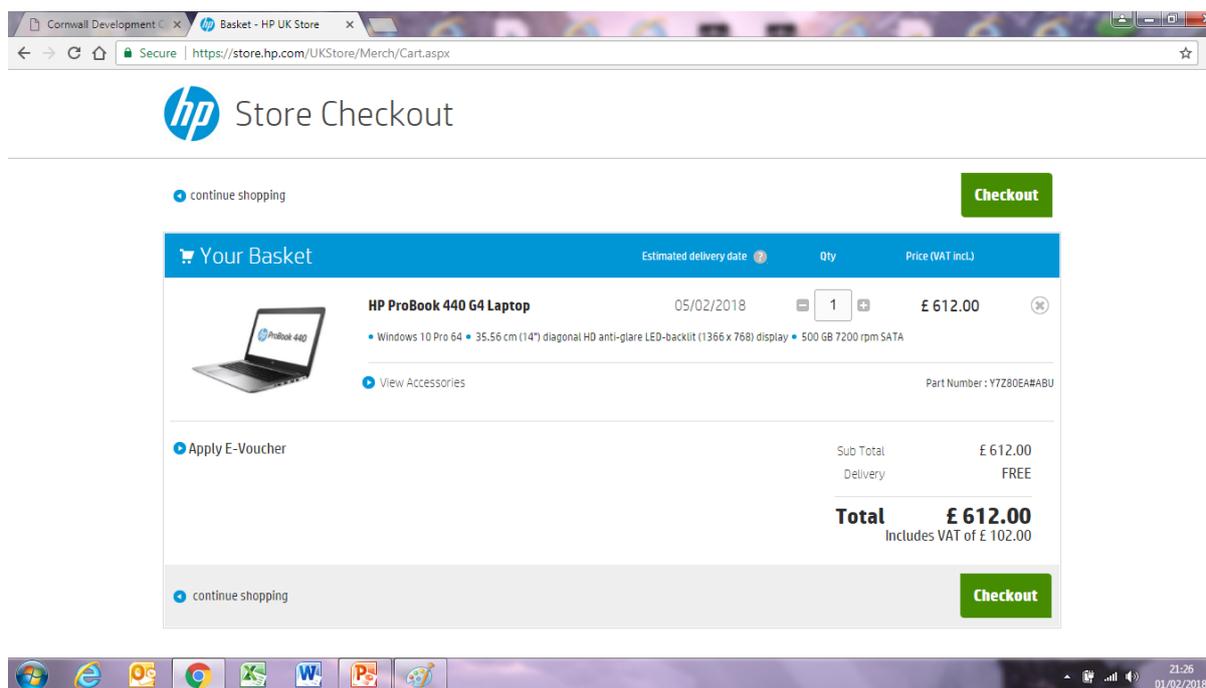
- Obtain a quote
- Is the quote what you want?
  - No – get them to requote
  - Yes – then get them to send you the quote on their headed paper.



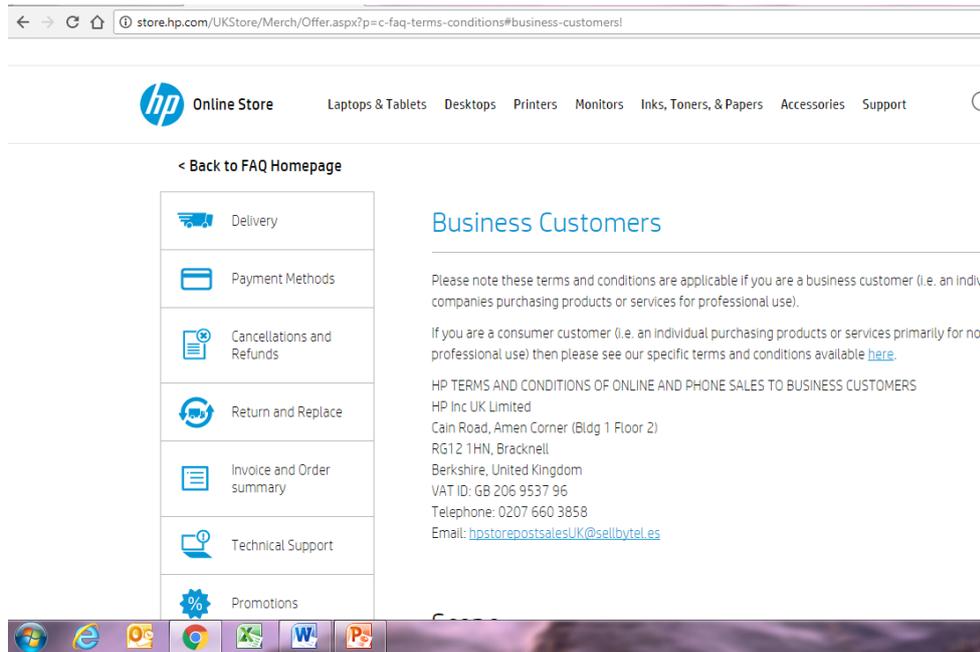
- Ensure that the quote you receive is:
  - Clearly addressed to you
  - Shows the with and without VAT prices
  - The suppliers' VAT number. If they are not VAT registered, this should be clearly stated
  - Shows reference to your unique CLLD reference number

*For web quotations follow the steps below:*

- No specification is required.
- Obtain a screen print of the web quotation and then paste this into a word document ensuring that you capture the date the screenshot was captured
- You should then get:



- Next find the VAT number. This may be on the main screen or in the terms and conditions on the website. Again, screenshot the relevant page



## What should a specification for more than £25k include?

You will need to produce a detailed written specification appropriate for the value of goods and services you require. Embed the specification within a Tender Document (ITT)/Request for Quotation (RFQ) (see below) referencing your unique CLLD project number





## What should a specification for more than £25k include?

These guidelines are to help you to submit an application with a fully EU compliant procurement process for item(s) of expenditure equal to or greater than £25,000 (Ex VAT).

The award of a CLLD Grant represents a significant use of public money and must conform to the national EU procurement rules. Conformity to these rules is mandatory but must be reasonable, sufficient and proportional to enable potential suppliers to respond. Your procurement selection process must enable genuine transparency and open competitiveness.

The relevant rules can be found at Chapter 6 paragraph 22 of:

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/592852/ESIF-GN-1-001\\_ESIF\\_National\\_Procurement\\_Requirements\\_v5.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/592852/ESIF-GN-1-001_ESIF_National_Procurement_Requirements_v5.pdf)

### Specification

The specification is the key procurement document setting out the needs to be satisfied by your procurement. Before you produce your specification, if possible, research the market to get an idea of likely costs and timescales. This may involve potential suppliers if appropriate but must take care to ensure that no particular supplier is favoured. The specification forms the basis for choosing the successful supplier. The purpose of the specification is to present prospective suppliers with a clear, accurate and full description; this will be used as the basis to determine if the supplier's response is compliant. The specification will form the core of any Tender/ Invitation to Tender (ITT) or Request For Quotation (RFQ) document.

### Request For Quotation – Equipment £25,000 - £200,000 only

If the procurement is for a piece of equipment valued between £25,000 and £200,00 it can be procured by a minimum of 3 compliant quotes. One way of doing this is to use a Request For Quotation (RFQ). The specification forms the core of the document. On receipt of the quotes, you must evidence that each quotation meets (or exceeds) the individual specifications. The easiest way to do this is to turn your specification into a Compliancy Matrix. Just add columns to the specification with the relevant supplier name; then confirm that the supplier response matches the individual specification. For example:

Specification	Supplier A	Supplier B	Supplier C	Supplier D
Has 4 wheels	Yes	Yes	Yes	Yes
12 month warranty	Yes	Yes	No	Yes
Cost	£1,000	£1,200	£1,300	£1,400

Only responses that are fully compliant can be considered for the contract award; in the example above the supplier C's quote cannot be used.



Please note that the grant will be awarded against the lowest compliant quote in ALL circumstances. Once your grant has been approved, the details of this supplier and associated quoted costs of goods/services will form part of your Offer Letter.

### **Invitation to Tender (ITT)**

Your specification forms the core of the tender document, normally referred to as the Invitation to Tender.

Each ITT must specify a date and time by which the tender responses must be received. This timescale should be reasonable, sufficient and proportional to enable suppliers to submit a suitable response and allow genuine competition as part of the process, but be no less than 14 days.

The tender should stipulate that your unique CLLD project code is referenced in the supplier's response. Additionally, the ITT should:

- request that the tender be valid for a minimum of 3 months from the tender response closing date,
- include delivery timescales from award of contract
- clearly identify contact and company details including VAT registration number (if appropriate) .

### **Conflicts of Interest**

You need to demonstrate that there are no conflicts of interest between you (the buyer) and the potential supplier(s) through any direct connection i.e. financial or personal, which may influence the award of the tender. This is normally done by requesting a declaration from the supplier against which you can act. If there is a conflict then the 'connected' person should not be part of the tender evaluation process.

### **Explanation of procurement procedure selected and justification**

It is necessary to advertise the opportunity to the market in order to receive compliant ITT responses. In order to provide sufficient information to the market about your tender so that any interested bidders can apply, the ITT must be advertised through the national platform Contracts Finder. You must also choose the winning tender by an acceptable methodology, we recommend that you award contracts on the basis of the lowest priced compliant bid. You will need, as part of your record keeping, to make a note of your procurement procedure and justification.

### **Contracts Finder**

This is a government run website administered by the Crown Commercial Services.

Normally only Public Sector Organisations can register as "buyers" on this site but the CLLD team have negotiated access to this site for CLLD applicants like yourself. The process is:

1. The CLLD team will email [contractsfinder@crownccommercial.gov.uk](mailto:contractsfinder@crownccommercial.gov.uk) copying in [transparency@crownccommercial.gov.uk](mailto:transparency@crownccommercial.gov.uk) with details of CLLD Programme, along with your company name and contact details
2. You should register with Contracts Finder as a buyer:

[https://supplierregistration.cabinetoffice.gov.uk/organisation/register?](https://supplierregistration.cabinetoffice.gov.uk/organisation/register?spentityid=%40jJNT08%3DYUZKwVdXdEdSMIJzTVRKTWN6RIhXWG81VTJGM1JqSk1jbFp1VERJNU1scDFWVEpaY0ZwdVkyeE9ia3g1VmtkYWRXeHRXbnBTTTFsb1NraGtKGt5V1hWak0yUXpPWGxNTmsxSVI6QINTR0U9N)

[spentityid=%40jJNT08%](https://supplierregistration.cabinetoffice.gov.uk/organisation/register?spentityid=%40jJNT08%3DYUZKwVdXdEdSMIJzTVRKTWN6RIhXWG81VTJGM1JqSk1jbFp1VERJNU1scDFWVEpaY0ZwdVkyeE9ia3g1VmtkYWRXeHRXbnBTTTFsb1NraGtKGt5V1hWak0yUXpPWGxNTmsxSVI6QINTR0U9N)

[3DYUZKwVdXdEdSMIJzTVRKTWN6RIhXWG81VTJGM1JqSk1jbFp1VERJNU1scDFW](https://supplierregistration.cabinetoffice.gov.uk/organisation/register?spentityid=%40jJNT08%3DYUZKwVdXdEdSMIJzTVRKTWN6RIhXWG81VTJGM1JqSk1jbFp1VERJNU1scDFWVEpaY0ZwdVkyeE9ia3g1VmtkYWRXeHRXbnBTTTFsb1NraGtKGt5V1hWak0yUXpPWGxNTmsxSVI6QINTR0U9N)

[VEpaY0ZwdVkyeE9ia3g1VmtkYWRXeHRXbnBTTTFsb1NraGtKGt5V1hWak0yUXpP](https://supplierregistration.cabinetoffice.gov.uk/organisation/register?spentityid=%40jJNT08%3DYUZKwVdXdEdSMIJzTVRKTWN6RIhXWG81VTJGM1JqSk1jbFp1VERJNU1scDFWVEpaY0ZwdVkyeE9ia3g1VmtkYWRXeHRXbnBTTTFsb1NraGtKGt5V1hWak0yUXpPWGxNTmsxSVI6QINTR0U9N)

[WGxNTmsxSVI6QINTR0U9N](https://supplierregistration.cabinetoffice.gov.uk/organisation/register?spentityid=%40jJNT08%3DYUZKwVdXdEdSMIJzTVRKTWN6RIhXWG81VTJGM1JqSk1jbFp1VERJNU1scDFWVEpaY0ZwdVkyeE9ia3g1VmtkYWRXeHRXbnBTTTFsb1NraGtKGt5V1hWak0yUXpPWGxNTmsxSVI6QINTR0U9N)



3. Your application will initially be rejected by the Help Desk – the rejection, however, will also be sent to the e-enablement team.
4. You must forward the rejection email to [contractsfinder@crownccommercial.gov.uk](mailto:contractsfinder@crownccommercial.gov.uk) requesting approval (just in case they didn't receive as part of 3 above)
5. The Contracts Finder Crown Commercial team will then approve the request with the Help Desk and you will receive notification of approval

Once you have registered, completed the "Create a single notice" process and uplifted your tender documents (we will help you with this) you should be provided with a link like this one - <https://www.contractsfinder.service.gov.uk/Notice/xxxxxxxxxxxx>. This link takes you to your Tender Notice and can be given to any suppliers you know might want to bid; NEVER send the ITT documents direct to suppliers.

Your tender opportunity must be advertised on the Contracts Finder website for a minimum of 14 days and have a closing date for submissions on or after that period of time has elapsed.

### **Clarifications**

Your tender must specify how potential suppliers can ask clarification questions. All questions received should be collated, as detailed in your tender specification, normally into one document. This document should have the questions raised (without saying who asked the question) and the answer provided. It must then be uploaded to the Contracts Finder website in the same way as your ITT (we can help you with this). Once it is uploaded you can send emails to all those who raised clarification questions stating that the answers are now available on Contracts Finder. This ensures all potential suppliers have the same information, at the same time when preparing their tender responses.

### **Receipt of Tenders**

Tenders responses may be received by post or electronic submission. Ideally, the correspondence should show the following but as a minimum should be clearly identifiable as a response to your tender opportunity.

#### **By Post:**

Tenders received should be in a plain sealed envelope with the following information on it:

1. The word 'Tender'
  2. The title of the contract
  3. The CLLD Project Code and your own reference number if applicable.
- The envelope should not give any indication as to the tenderers identity. Marking by the carrier will not disqualify the tender.

#### **By electronic communication (e-Mail):**

The receipt of electronic tenders (e-mail) will be to a dedicated e-mail address. The subject line should contain:



1. The word 'Tender'
  2. The title of the contract
  3. The CLLD Project Code and your own reference number if applicable.
- E-mail submissions should not give any indications as to the tenderers identity. A business name identified via email address will not disqualify the tender. Tender applicants must be advised that the receipt of documents using this format is their responsibility.

### **Recording and Retention of Tender Responses**

When you receive quotations / prices / tender responses the date and time of receipt should be recorded. For e-mail submissions a copy of the email as well as the attachments should be printed.

Quotations / prices / tender responses must be kept securely and must not be opened/reviewed until after the date and time specified in the deadline has passed. All tenders must be opened at the same time by two people. A Tender Receipt Log should be kept summarising the tender responses, showing date and time of opening, the supplier name and the cost. This document is then signed and dated by both people present at the time of opening.

### **Evaluation**

Check the content of each tender response for compliance against your specification and record this using a Compliancy Matrix (page 6). Only responses that are fully compliant can be considered for the contract award. Please note that the grant will be awarded against the lowest compliant quote in ALL circumstances. Once your grant has been approved, the details of this supplier and associated quoted costs of goods/services will form part of your Offer Letter.

### **Communication of award**

1. Unsuccessful tenderers and preferred tenderers must be informed as to the outcome of your tender process and evidence of this communication must be held on your audit file
2. Communication must be provided to unsuccessful tenderers giving appropriate information about why they were not successful
3. Communication must be provided to the preferred tenderer explaining what you will be doing to conclude contractual matters.

### **Record keeping and documents to be supplied with your CLLD Full Application**

All documents associated with your tender must be maintained in a procurement audit file for verification. It is your responsibility to ensure that any one associated with your tender also holds and retains appropriate documentation for audit purposes.

Your audit file should contain the following:



1. Your Tender Specification document (ITT)
2. A screen shot of your 'Change Log' on Contracts Finder (if used)
3. Copies of all responses issued relating to clarifications
4. A record of any site visits undertaken by prospective suppliers
5. Copies of ALL tenders as received
6. Your Tender Receipt Log for all tenders received, signed by at least 2 people, including the time and date
7. Your Signed and dated Tender Review Sheet
8. Any Decision Papers i.e. Board minutes in relation to award of contract (if appropriate)
9. Tender Evaluation Report; this could be in bullet point format and should provide a record of the tender process activities as they happened, it should demonstrate the tender process selected
10. Copies of the letters to unsuccessful tenderers
11. A copy of the award Letter and signed contract to the successful tenderer
12. A copy of your Company Purchase order (if relevant).

Documents 1-7 must be provided to the CLLD team at full application stage. If your project application is approved, then all the above documents will need to be retained by you until 31 December 2033.

### **DISCLAIMER**

This document is guidance on the subject of how to select suppliers of goods, works and services part funded through ESIF. It does not constitute legal advice, and should not be relied on for that purpose. CDC does not accept any liability relating to the use of this document. Specialist advice should be sought from your own professional advisors if required.

### **What do I need to do next?**

Procurement can be a complex subject and you may well need more advice than this guidance note alone can provide. If this is the case, get in touch with your local facilitator who will be able to help you.

### **The official stuff**

You can find more details in:

- ESIF National Procurement Requirements
- Procurement Aide Memoire for Applicants and Grant Recipients

Available on the website:

<https://www.gov.uk/government/publications/european-structural-and-investment-funds-procurement-documents>