

CORPORATE PROCUREMENT

SOURCING STRATEGY



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SECTION ONE – CONTRACT SUMMARY

1.1 CONTRACT DETAILS <i>(to be completed in conjunction with the Contract Strategy Guidance Document)</i>										
Contract Title										
Created By										
Tender Reference No										
Date Created										
Contract Classification	Supplies		Services Part A		Services Lite Touch		Works		Concession	
Collaborative Opportunity	<i>State if using an existing collaborative contract i.e. Scottish Procurement, Scotland Excel, or other. Obtain and attach any strategy available for existing contracts.</i>									
Non-Competitive Action	<i>Provide brief outline of why not going out to competition and attach relevant business case.</i>									
1.2 SUMMARY OF REQUIREMENT										
<i>Provide summary of service's/customer's requirement i.e. scope of work, key action and key risks, and summary of objectives of the contract, opportunities for innovation , cost reductions/savings.</i>										
1.3 BUDGET AND SPEND <i>(state if one-off requirement)</i>										
Spend Forecast										
Year 1	Year 2			Year 3			Year 4			
Approved Budget Amount:										
Cost Code				Subjective Code						
Encumbent Supplier Name							Value			

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SECTION TWO – CURRENT/EXPIRED CONTRACT INFORMATION

2.1 CURRENT SITUATION/CONTRACT STATUS (if applicable)			
<i>Provide details, on a separate line, of any current or recently expired contracts.</i>			
Description	Value	Duration	Expiry
2.2 SPEND ANALYSIS			
<i>Provide further detail of recent spend within the headings below for last financial year. Detailed understandings of the recent spend and likely future requirements of participating organisations are key. The Spikes Cavell Hub can assist with spend analysis; this contains many pre-defined reports and data that can be exported into MS Excel format.</i>			
Total expenditure and volume			
Expenditure by Department			
Expenditure by incumbent supplier			
Future demand projections where possible			
Benchmarking			
Profile of suppliers (large, SME etc.)			
2.3 GDPR			
<i>Does the contract have a requirement for consideration of the Control or Processing of Personal Data? What are they? What considerations need to be built into the specification to ensure relevant data protection actions are captured within the contract requirements? Is a privacy statement required? Does the Service have any contract management/auditing actions under GDPR for this contract? Etc</i>			
2.4 LESSONS LEARNED			
<i>Provide details of any opportunities for improvement to current practices or contracts.</i>			

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SECTION THREE – MARKET ANALYSIS

3.1 SUPPLY MARKET STATUS	
<i>Provide a summary of the market analysis undertaken as part of the strategy development process. Include the current position within the supply market with regards to the goods and/or services required.</i>	
Market Overview (i.e. definition, growth, trends and development...)	
Suppliers (number of suppliers in market, key suppliers and brief outline of each supplier and capabilities and capacity)	
Applicable Trade Associations	
3.2 EXTERNAL DATA SOURCES	
<i>Provide details of where information has been obtained and should include such things as title of reference information and date obtained. Web address to be included if applicable.</i>	
Source	
Dated	
Web address (if available)	

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SECTION 4 - SUSTAINABILITY

4.1 SUSTAINABILITY	
<p><i>Sustainable procurement is concerned with identifying the potential environmental, social and economic aspects that could be incorporated within a procurement process through the development of a relevant specification or through contract Terms and Conditions</i></p> <p><i>Provide details of any potential sustainability areas that are relevant to the goods, services and/or works required and how they might be included within the procurement process.</i></p>	
SOCIAL:	
a. Employment Opportunities	
b. Equality & Human Rights	
c. Supporting Social Inclusion	
d. Promoting Accessibility	
ENVIRONMENTAL:	
a. Emissions	
b. Waste	
c. Raw Materials	
d. Energy Use	
e. Habitat	
ECONOMIC:	
a. Supplier Diversity & Competitiveness	
COMMUNITY BENEFITS:	
<p><i>Provide details of any Community Benefits which may be available as a result of this procurement.</i></p>	
Is this procurement suitable as a Reserved Contract?	

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SECTION FIVE – PRICING STRATEGY

5.1 CONTRACT SPEND INFORMATION (ESTIMATED)			
Annual Contract Value			
Total Contract Value			
Length of Proposed Contract Period (+ Optional Extension)			
5.2 PLANNED SAVINGS TARGET			
Value	Percentage	Description	Financial Year
Additional Comments			
5.3 PLANNED CONTRACT BENEFITS – NON – FINANCIAL			
Description		Comment	
5.4 PURCHASE TO PAY			
<i>Provide details of the purchase to pay strategy for this procurement process.</i>			
Single Order per transaction			
Value based order			
Catalogue use			
Statement Billing			
Punchout			
E-invoicing Options			

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SECTION SIX - PROCUREMENT PROCESS

6.1 COLLABORATION OPPORTUNITIES	
<i>Consider any suitable collaborative contracts opportunities, which could meet this requirement.</i>	
Collaboration Opportunity	
Lead Authority	
Other Organisations involved	
Other commodities/work streams dependent or to be considered in conjunction with this contract	
MOU/Authority to Collaborate Required? (Legal consultation required)	
Further Comments	
6.2 OUTSOURCING CONSIDERATIONS	
<i>Identify whether there is an outsourcing opportunity for the contract and whether this has been considered when the Business Case was developed.</i>	
Outsourcing Opportunity	
Further Comments	
6.3 EMPLOYEE CONSIDERATIONS	
<i>Identify any possible TUPE implications and how these should be incorporated into the procurement exercise, will IR35 apply, etc Ensure HR and/or Legal Services are consulted.</i>	
Is the contract likely to involve transfer of council employees to another service area, or an external organisation?	
Is the contract likely to involve the transfer of employees from the current provider to a new provider?	

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Is IR35 likely to apply to the contract?	https://www.gov.uk/guidance/check-employment-status-for-tax	
6.4 OPTION APPRAISAL AND CONCLUSION/PROCESS TO BE ADOPTED		
<p><i>Provide details of the strategic options which have been considered and the preferred option to be implemented.</i></p> <p><i>Please see Options Decision Matrix Summary at Appendix 1 for further information.</i></p> <p><i>Provide details of the reasons for the choice of procurement approach and utilise the conclusions/recommendations made throughout this contract strategy to support the decision. Please refer back to relevant sections of this contract strategy where required.</i></p>		
Procedure to be adopted		
Can an eAuction be utilised?	Not currently used	
If No (eAuction), please provide reasons	Not currently used	
Contract Type		
Contract Terms and Conditions Specify specific form or clauses (Ref CSO 18.3- Legal Input Required)		
Selection Criteria		
Award Criteria (Price/Quality Ratio- Legal Input Required)		
Does the award require to be reported to Council/Committee prior to award (CSO 24.2, 27.6)		
Is any funding time dependent?		
6.5 RESOURCES (CROSS FUNCTIONAL TEAM)		
<p><i>Provide details of all stakeholders, including external consultants or procurement advisors. Add lines if necessary</i></p>		
Project Role	Area of Expertise	Name/Department/Organisation
Project Lead		
Project Sponsor		

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Procurement Lead		
Legal Lead		
Other (e.g. Corporate IT, Health & Safety)		
List all people who will form the evaluation panel		
All key stakeholders identified above must be asked about known or potential conflicts of interest with this procurement. Note any concerns here.		
6.6 KEY ACTIVITIES: Strategy and PQQ/ITT		
Key Milestone	Start Date	Completion Date
Complete Sourcing Strategy and Proforma (Sign Off from All relevant Stakeholders – SLA TBC)		
Terms & Conditions of Contract agreed (Legal Involvement – SLA TBC)		
Evaluation & Selection Criteria agreed (Legal Involvement-SLA TBC)		
Compile and publish ITT (Timescales in accordance with Procurement route applied) (Legal Involvement required prior to publishing ITT– SLA TBC)-Is this in addition to the above two steps or all in one?)		
Return of ITT submissions		
Conflict of interest form with relevant suppliers.		
Evaluate and Score ITT submissions		

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(SLA dependent on availability/priorities)		
Notify Legal of Outcome prior to commencement of standstill process (Legal Involvement - SLA TBC)		
Report to Council/Committee required? Date of Council/Committee Meeting (CSO 24.2, 27.6)		
Commence Standstill Process		
Any other timescale considerations, ie delays, comms, timeline adjustments shared, funding timescales, etc		
6.7 KEY ACTIVITIES: Contract Implementation		
<i>Provide details of the processes and activities associated with implementing a new contract which will ensure suppliers and users of the contract have all the information they require to deliver / use the contract.</i>		
Key Milestone	Start Date	Completion Date
Contract Award (Legal Involvement – SLA TBC)		
Communication to users		
Post award supplier meeting		
Contract Handover Meeting- Implementation (Migration & Mobilisation)		
Purchase to Pay (Cats / supplier on iProc)		
Information Pack		
Supplier / Buyer events		

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Go live		
6.8 PLANNED CONTRACT KEY PERFORMANCE INDICATORS		
<i>Provide details of the KPI'S that could be incorporated into the contract, date of completion and who will manage the KPI</i>		
Description	Completion Date	Owner
6.9 CONTRACT MANAGEMENT		
<i>Provide details of planned contract management processes. The level of management will depend on the risk, value and complexity of the contract. The following indicators should all be monitored: cost, quality, delivery and service</i>		
Lead Officer for management of this contract:		
Indicate what performance reviews are planned, e.g. quarterly, annually, other frequency		
Provide details of the exit strategy for this contract?		

6.10 ANTI-BRIBERY ASSURANCE			
<i>Please provide details for the following, to ensure compliance with the Anti-Bribery culture within EDC.</i>			
	If yes, has this been recorded in the gifts and hospitality record?	If yes, please provide details of such exchange or promise.	No
Has an exchange, or promise, of moneys, gifts or hospitality been offered to EDC during the sourcing process?			
Has an exchange, or promise, of moneys, gifts or hospitality been			

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offered <i>by</i> EDC during the sourcing process?			
Has an exchange, or promise, of moneys, gifts or hospitality from either party been facilitated through a third party?			
Has any exchange of moneys, gifts or hospitality taken place in order to gain an advantage for either party involved?			

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6.11 KEY RISKS: (See Appendix 2 Risk Assessment) (Legal Involvement Required for this section)						
Risk Description i.e. business risk, service/operational risk, external risk,/legislation, FOI implications	Date	Risk Owner	Likelihood (1-5)	Consequence (1-5)	Risk Score	Action to mitigate / manage risk Status if <i>Closed</i>
GDPR						
FINANCIAL						

Use Table 1, Appendix 2 to define the scores for Likelihood and Consequence and Table 2, Appendix 2, to calculate the total risk score.

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SECTION 7 – STRATEGY APPROVAL

<i>Provide details of management approval of this Sourcing Strategy. Ensure that an appropriate level of authorisation is used for the contract value.</i>	
CONTRACT VALUE	
Signed by Project Lead	
Printed	
Date	
Signed by Procurement Advisor	
Printed	
Date	
Signed by Legal Lead	
Printed	
Date	
Signed by Executive Officer	
Printed	
Title	
Date	

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Appendix 1 Options Appraisal.

Use this table to clarify the options available, and to define the preferred option. Use the outcome to complete section 6.4.

		Option1	Option 2	Option 3	Option4	Recommendation
1	Route to Market	Not applicable	Do Nothing	Use existing Framework	Bespoke Contract or Framework	
	Pros/ Cons					
2	Procurement Route	Open	Restricted	Competitive Dialogue	Other	
	Pros/ Cons					
3	Lots	Not applicable	1 Lot	Multiple Lots	Product/ Service/ Geographical	
	Pros/ Cons					
4	Suppliers/Lot	Not applicable	1 Supplier	2-5 Suppliers	>5 Suppliers	
	Pros/ Cons					

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5	Terms & Conditions	Options Considered- EDC/Standard or Model Form/Other	Legal Comment	Risks	Modifications	Recommendation
	Pros/Cons					

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Risk Scoring Methodology

Risk scoring is a three part process which identifies the **likelihood** and **consequences** of the risk happening, and combines these to produce a **Risk Rating**

Step 1: Likelihood of Risk			Step 2: Consequence of Risk		
Score	Level of Risk	Assessment	Score	Level of Risk	Assessment
1	Rare	May occur in exceptional circumstances	1	Negligible	Consequences can be dealt with through routine activities
2	Unlikely	Is not expected to occur	2	Low	Impacts on a limited area of activity
3	Possible	Could occur at some point	3	Moderate	Moderate impact on achievement of the goals or objectives
4	Likely	Would probably occur in most circumstances	4	High	High impact on achievement of the goals or objectives
5	Almost Certain	Is expected to happen in most circumstances	5	Extreme	Significant impact on achievement of the goals or objectives

Table 1.

Multiply the scores for Likelihood and Consequence to find the Risk Score:

Likelihood	5	5	10	15	20	25	Score = 1-4 Risk = Low Score = 5-10 Risk = Medium Score = 12-25 Risk = High
	4	4	8	12	16	20	
	3	3	6	9	12	14	
	2	2	4	6	8	10	
	1	1	2	3	4	5	
		1	2	3	4	5	
		Consequence					

Table 2.

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Contract Roles & Responsibilities

Key to level of involvement:

●= very high involvement, ◐= high involvement, ◑= involved, ◒= low involvement ○= very low involvement

Process		Service	CPU	Comments
Budget Approval		●	○	
Establish cross functional team	• Agree individual roles and responsibilities	◐	◐	Legal Representation Required
	• Agree contract/project management principles	◐	◐	
Draft Sourcing strategy	• Identify initial requirement	●	○	Service arrange meeting with CPU Officer once requirement is identified to advise of requirement and provide the detail necessary (background; spend; roles; timescales, etc).
	• Engage with stakeholders	◐	◐	Legal Representation Required
	• Draft Commodity Strategy	◑	◑	CPU Officer to complete with service to inform. Legal Representation Required
	• Conduct market research	○	●	
	• Conduct option appraisal	◑	◑	
	• Agree tender approach	○	●	Legal Representation Required











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	<ul style="list-style-type: none"> Finalise & sign off Commodity Strategy 			<p>Joint sign off of Commodity Strategy between Service & CPU. Authority to sign off will be dependant on value of contract to be procured.</p> <p>Legal Authorisation Required</p>
PQQ / Tender	<ul style="list-style-type: none"> Agree selection and award criteria 			<p>Open tender (one stage): both selection & award criteria apply</p> <p>Restricted tender (two stage): selection criteria applies to stage 1 (PQQ) and award criteria applies to stage 2 (tender).</p> <p>Legal Representation Required</p>
	<ul style="list-style-type: none"> Define specification & service level expectations 			Tender stage only
	<ul style="list-style-type: none"> Create PQQ / tender documentation 			Legal Representation Required
	<ul style="list-style-type: none"> Publish contract notice / e-PQQ / e-tender / documentation 			
	<ul style="list-style-type: none"> Monitor & update e-tender Bulletin Board 			CPU Officer will monitor and update but service will be required to feed into technical responses.
PQQ / Tender Evaluation	<ul style="list-style-type: none"> Check for compliancy & completeness 			
	<ul style="list-style-type: none"> Undertake financial checks 			
	<ul style="list-style-type: none"> Facilitate checks with other departments. 			Including insurance checks; health & safety checks; checking of bonds / guarantees / warranties, etc
	<ul style="list-style-type: none"> Agree tender short-list 			ESPD stage only
	<ul style="list-style-type: none"> Undertake commercial evaluation 			Tender stage only and includes the evaluation of price and whole life costs / total cost of ownership.

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	• Undertake quality and service evaluation				
	• Evaluate technical submission				
	• Conduct site visits / vendor assessments / presentations				
Post Tender	• Agree award strategy & obtain authorisation (Relevant authorisations as per Contract Standing Orders, and Legal) to award the contract / seek prior approval to award the contract.				Strategic Lead/s & Legal Authorisation Required
	• Prepare & issue board report if applicable				
	• Conduct tender debriefs				
	• Draft & issue standstill letters if applicable & issue award letters / co-ordinate with Legal on issue of standstill & award letters				May be done through order process for low value procurement exercises. CPU to award all below threshold contracts.
	• Publish contract award notice				
Contract & Supplier Management	Operational	• Manage contract performance on a day to day basis.			Issues which can't be resolved at an operational level are to be escalated to the quarterly contract review meetings (strategic level) or if a quick resolution is required then an emergency meeting of the strategic team should be called.
	Strategic	• Conduct contract initiation meeting			
		• Conduct quarterly contract review meetings where required/escalated			

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		• Benchmark performance against KPI's where required/escalated			
		• Benchmark costs against market			
		• Address issues of non conformance			
		• Investigate Value Add opportunities			
		• Review and capture lessons learned			

Key to level of involvement:

●= very high involvement, ●= high involvement, ◐= involved, ◑= low involvement ○= very low involvement

N.B.: The above table is an indication only of level of involvement and may vary according to the commodity / works in question.