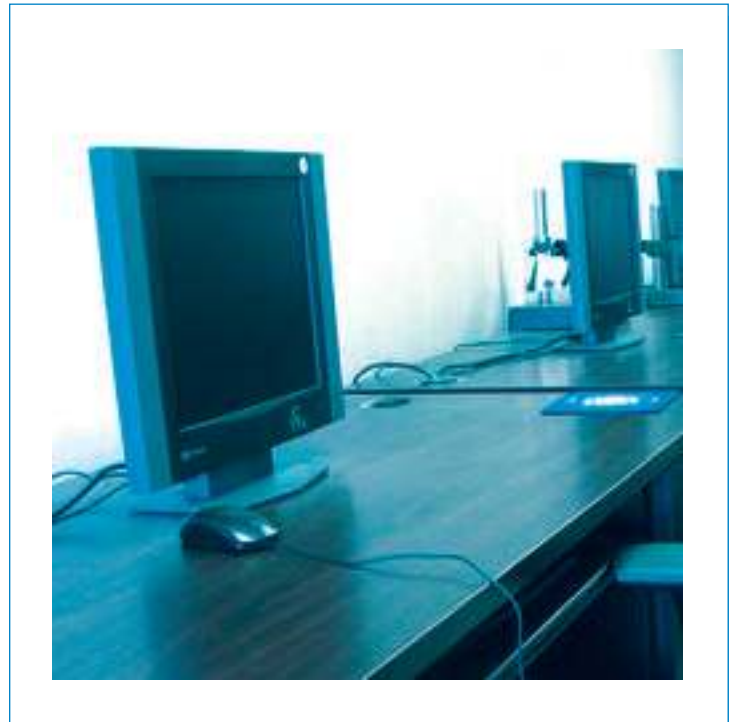


SELLING TO THE DEPARTMENT OF TRADE AND INDUSTRY – A GUIDE FOR SUPPLIERS – PART A



Would you like to become one of the Department of Trade and Industry (DTI)'s suppliers? Are you already supplying the DTI with goods or services? If so this Guidance has all the information you need to help you do business with the Department. If you are a member of the wider procurement community, including other parts of the public sector, professional bodies and academia, you will also find it useful.

DTI OBJECTIVES

The Department's procurement follows some key objectives:

- obtaining maximum value for money in contracting for the goods and services that enable the Department to deliver its business objectives
- enhancing the competitiveness of the supply base

'Value for money' means the optimal combination of cost, service delivery and quality.

OPEN FOR E-BUSINESS

The DTI is particularly interested in lowering the cost of the procurement process; the Department is committed to doing business electronically for the benefit of all.

As a first step along this road, the DTI uses the Government Procurement Card (VISA) for low-value orders. The Department encourages suppliers to accept payment in this way – and it is likely to be a requirement for many future contracts.

OPEN FOR BUSINESS WITH SMALL FIRMS

The DTI is responsible for developing business opportunities for small and medium-sized enterprises (SMEs) with up to 500 employees. Value for money is the only deciding factor when the DTI awards contracts competitively but, given its wider responsibility, the DTI strongly encourages SMEs to bid for the Departmental contracts they believe they could fulfil.

The aim of this Guidance is to give suppliers insight into how the Department goes about buying its goods and services. Hopefully it will also enable suppliers to identify potential opportunities to sell to the Department.

ABOUT THE DTI

The DTI's ambition is 'prosperity for all' by working to create the best environment for business success in the UK. The DTI champions business at home and abroad. It specifically helps companies by promoting enterprise, innovation and creativity. It invests in science and technology. It also stands for the rights of working people and for fair and open markets in the UK, Europe and the world.

In particular it provides the following guidance for businesses:

- helps SMEs through both ACAS and Business Links
- launched the Manufacturing Advisory Service
- extended the Small Firms Loan Guarantee Scheme
- increased funding to the Regional Development Agencies

The future challenge for the Department is to:

- continue the improved transformation of business support
- implement a new improved skills strategy
- continue to promote the activities of the Small Business Service and UK Trade International

The DTI website provides a great deal more information on how the DTI operates. It can be found at: <http://www.dti.gov.uk/>

DTI PROCUREMENT ORGANISATION

The DTI has a mixed procurement organisation.

At the centre is the Procurement Policy Services (PPS) branch. PPS is staffed by professionally trained people and provides a single and consistent approach to procurement within the Department and its Agencies. PPS is responsible for the provision of guidance to DTI procurement staff on all aspects of procurement. It has close links with the Office of Government Commerce (OGC) and promulgates procurement policy and strategy. PPS does not buy itself.

There are several 'centres of expertise' that are the intelligent customers for specialised areas of procurement. These include IT facilities, estate management, publicity and advertising.

There are also Management Units that make up the Department's structure. There are about 65 Management Units with the authority to purchase in their own right. They also put in place framework arrangements for common goods or services that can be accessed by the entire Department.

Further, the Department has five Executive Agencies – the Employment Tribunal Service, the National Weights and Measures Laboratory, Companies House, the Patent Office and the Insolvency Service. Each of these has a measure of autonomy but generally follows DTI procurement practices.

Finally there are the Department's Executive Non Departmental Public Bodies (NDPBs). These are not obliged to follow DTI procurement policies and practices or to use DTI frameworks. They do receive funding from the Department and are contracting authorities in their own right and thus subject to the public procurement rules.

The Department has offices and establishments throughout the United Kingdom. These include not only the offices of the Official Receivers or Employment Tribunals (agencies of the Insolvency Service and Employment Tribunal Service respectively) but also the Government Offices for the Regions, which are jointly staffed with officers from other departments.



MAIN PURCHASING ACTIVITIES

The Department and its Executive Agencies spend over £500 million each year on various activities.

Much of this, upward of 80%, is on services. These services are diverse in nature and cover activities such as management and consultancy, cleaning, facilities and travel.

A great deal of this is achieved by devolving budgets to line management (including those centres of expertise referred to earlier) who undertake the purchasing cycle on their own behalf.

PROCUREMENT POLICY AND STRATEGY

The DTI is currently adopting a new procurement strategy.

The Department faces several challenges, including the following:

- realising savings from the introduction of an e-purchasing system
- raising the profile of procurement in the DTI
- acting on the findings of both the Gershon Review and the Lyons Report
- improving purchasing techniques and contract management throughout the DTI

Put at its simplest the Department is looking towards a more professional approach to its procurement processes. It expects more of its practitioners to gain professional qualifications in procurement, which in turn should lead to the Department achieving better value for money. The central unit – PPS – has been considerably strengthened by the addition of new professional staff.

The Department has embarked on an e-purchasing programme (see below), which it is hoped will initially realise savings of £2 million, and is also looking towards increasing the use of framework arrangements and agreements for its purchasing activities.

The possibility of developing a Procurement Knowledge Base is currently being reviewed and the Department is working closely with the OGC on this.

PUBLIC PROCUREMENT RULES

The Department in common with other central government authorities as well as many public sector bodies is subject to the European Public Procurement Directives. In fact the Directives are now part of UK law and govern the way in which the DTI is bound to purchase goods, services and works. They are particularly important when the cost of the items to be purchased is estimated to cross certain threshold values.

The intention behind the Procurement Directives was to provide a single market with the following objectives:

- ensure the free movement of goods and services throughout the European Union
- develop effective competition for public goods, services and works
- ensure transparency of purchasing procedures and practices
- adopt standardised technical specifications

As stated earlier the estimated value of goods, services and works generally dictates whether the requirements to purchase are advertised in the Official Journal of the European Union (OJEU). These threshold values vary from time to time – usually every two years. Details of the current amounts and greater information in respect of these rules can be found in the Department's Procurement Manual, Section E.8.4. – Applicability, available on the DTI website.

The public procurement rules also dictate that certain timescales must be adhered to when advertising. Although there are certain 'routes' that can be followed the Department has chosen as a general policy to follow the Restricted route. Expressions of interest are called for and a shortlist of invited tenderers is then drawn up. The probable number of companies to be invited to tender will be advertised within the original notice.

Notices are published electronically in Tenders Electronic Daily (TED) as well as appearing in BiP Solutions Ltd's *Contrax Weekly* magazine www.bipsolutions.com

TERMS AND CONDITIONS OF CONTRACT

The Department has two sets of standard terms and conditions, which it contracts to.

These are designated in the following documents:

- Standard Terms and Conditions of Contract for Services – PF31
- Standard Terms and Conditions of Contract for Supplies – PF32

Both sets can be found on the Department's procurement website alongside other procurement documents. It is the Department's policy to contract only using these terms and conditions except when a bespoke set is drafted by Departmental lawyers for particular circumstances.

When invited to submit a bid or quote by the Department this invitation will be accompanied by the set of Departmental terms and conditions for the type of contract to be awarded. In addition, a specification and invitation to bid/tender letter will be included. Bidders are expected to accept the Departmental terms. An objection in any way to these or any part of them risks causing a bid to be rejected.

It is important to stick to the deadline given in any tender invitation. Bids which miss the deadline will be rejected.

CONTRACT STRATEGY AND TENDERS

The DTI procurement strategy dictates that procurement should be carried out by the business unit best placed to act as the Intelligent Customer. As described earlier, common areas of specialist requirements such as IT are dealt with centrally and items such as stationery are purchased through framework arrangements. Other requirements are dealt with directly by units although the intention is to place more requirements on central frameworks wherever this is practicable.

This mixture of centralised and decentralised procurement enables the Department to take advantage of economies of scale without the need for a centralised procurement bureaucracy.

The main principle of government procurement is to obtain value for money through competition. The rules the DTI currently operates under, described in detail in the Department's Procurement Manual, are that low-value items, ie those less than £500, can be purchased without competition. The Department operates a VISA-badged procurement card enabling purchases to be made from VISA-compliant firms. Anything estimated to cost between £500 and £10,000 is expected to have received three or more written quotations prior to a procurement decision being made. For amounts above £10,000 formal tendering normally applies. Where the total estimated cost is above the current EU threshold, previously referred to public procurement rules are followed.

In the case of formal and EU tendering the relevant unit or centre of expertise within the Department will decide which suppliers to invite to submit quotes or tenders. Some units maintain a list of potential suppliers but this is not common.

All units will adhere to a tendering policy that meets the following criteria:

- avoids over-specifying a requirement
- defines specifications wherever possible in terms of output
- invites a sufficient number of tenderers to ensure fair competition but allowing those tenderers a fair chance of winning
- provides all tenderers equal opportunities

A bid will be successful if it is the one that offers the Department overall best value for money. Part of the specification should contain the broad evaluation criteria used for assessing bids. All bids will be judged against the same criteria.



A contract will be awarded as soon as possible after the assessment process is completed. The assessment process may involve an interview whereby the potential supplier has the opportunity to provide greater details and respond to questions from a panel of officials.

Within the limits of commercial confidentiality, the DTI will always provide unsuccessful bidders with the reasons as to why a bid failed. This may be face to face or over the telephone. Such debriefings should be viewed as a two-way process. The comments from the Department should be regarded as constructive. They are aimed at raising the awareness of unsuccessful tenderers, highlighting weaknesses and strengths, to enable them to better compete for future work.

ITEMS AVAILABLE FOR VIEWING ON THE DTI PROCUREMENT WEBSITE

Most DTI procurement documents and publications are available for viewing on the DTI procurement website. Some of these may be of general interest including the Department's Procurement Manual and *A Short Guide to Buying* (which provides a summary of the larger Procurement Manual) as well as the Department's Standard Terms and Conditions of Contract.

E-PURCHASING

The Department has embarked on the first stage of truly electronic trading. It has used the Government Procurement Card for the last five years as a first step in this direction. Now the first stage in implementing online purchasing from catalogues has gone live. This covers a limited user base within the Department and includes items such as stationery, IT, mobile phones and training.

DISCLAIMER

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Expert public procurement consultancy for **Buyers and Suppliers** at your service



PASS CONSULTANCY

BiP's *Procurement Advice and Support Service (PASS)* provides organisations with access to experts in public procurement practices and procedures, thus helping you develop and deliver effective and efficient procurement. Our team offers a range of services to meet your specific needs. Whichever area you wish evaluated and improved, we have the experts to help.

The PASS consultancy's mission is to help you deliver the best in government procurement through:

- Practical solutions to improve procurement performance
- Innovative approaches to knowledge transfer within government
- Joined-up government
- Improved performance indicators
- Strategic direction and performance
- Opportunities offered by e-government
- Capacity to deliver change to meet identified needs
- Continuous improvement of services and challenging poor performance
- Sustainable development within decision-making processes and delivery of services
- EU-compliant processes
- Best practice procurement training

PASS HEALTH CHECK

The *PASS* service can help your organisation examine its current procurement organisational structures, strategies, processes, practices and related strengths and weaknesses. It delivers a detailed *PASS Mark Health Check Outcome Highlight Report (OHR)* that outlines areas of strength as well as those requiring further attention, and provides an outline *Project Initiation Document (PID)* designed to deliver a more effective and efficient tendering process that will help you achieve optimum performance and better value-for-money procurement.

PASS – HELPING YOU MEET KEY OBJECTIVES

The key objective of public procurement professionals is to ensure that the most suitable supplier is selected to provide goods and services on terms which are likely to offer the best value for money. The *PASS* service helps you meet this requirement and deliver contracts that offer best value-for-money terms with suppliers who will execute them efficiently.

PASS TRAINING

Our consultants can provide you with bespoke training packages to suit your needs. Consultancy and training is available for the following: environmental purchasing, partnering, evaluation, e-government, supplier debriefing, UK legal processes and precedents, contract management, EU-compliant tendering and much more.

PASS ONLINE GUIDANCE

The *PASS* service provides online guidances on all aspects of the public procurement process and legal requirements: www.bipsolutions.com/html/briefing.php

PASS – CAPS SERVICE

Introducing *CAPS* – the public sector's guardian through the EU public procurement process, helping you to quickly access in-depth, authoritative EU public procurement procedure assistance. We are now pleased to offer your organisation access to this vast knowledge base as and when required, through subscription to BiP's new *Contract Administration & Process Support (CAPS)* helpline service. The *CAPS* service level agreement aims to answer 99% of your enquiries within one working day and 85% of these within one working hour.

PASS IN-HOUSE PRESENTATIONS

PASS consultancy can provide you with in-house presentations directed to buyer or supplier. Each presentation will be bespoke to your requirements, whether they be with regards to improving your tendering practices or your procurement strategy or processes. Contact: pass@bipsolutions.com



The *PASS Mark Health Check* is a process-based evaluation technique that helps identify how your company can develop more effective processes when tendering for public sector contracts.

For further information on the **PASS** service, contact our **PASS Team** on **0845 270 7055**, email pass@bipsolutions.com or visit www.bipsolutions.com/pass/