

# **Construction Procurement Handbook**

## **Chapter 6**

### ***Construction Procurement Route One***

**Contents:**

<b>Section</b>	<b>Subject</b>
1.	<a href="#"><u>Introduction</u></a>
2.	<a href="#"><u>Use of CPR1</u></a>
3.	<a href="#"><u>Background</u></a>
4.	<a href="#"><u>Guidance</u></a>
Annex A	<a href="#"><u>Quick Quote Process Chart</u></a>
Annex B	<a href="#"><u>Quick Quote Explanatory Notes</u></a>

## Introduction

1.1 This guidance covers both options of *Construction Procurement Route One (CPR1)*; that is, *CPR1A* where no advertising is indicated and *CPR1B* where the contract complexity or risk indicate a requirement to advertise. Both are used where the contract value is below the thresholds set out in the [Procurement Reform \(Scotland\) Act 2014](#) (*The Act*). The key difference between *CPR1* and *CPR2* is that *CPR1* procurements do not, by law, need to be advertised while those conducted through *CPR2* must be advertised and are subject to certain legislative requirements through either the Act and/or the [Public Contract \(Scotland\) Regulations 2015](#) (*the 2015 Regs*).

1.2 *CPR1* is a procedure aimed at providing a quicker and more simplified means of procuring low value, low risk contracts. The *Quick Quote* facility provided through the [Public Contract Scotland \(PCS\)](#) portal allows this to be conducted online. While the use of PCS Quick Quote is not mandated, we would always encourage its use where appropriate, as it provides a start to finish online and auditable record. *CPR1B* is for below Procurement Reform (Scotland) Act 2014 thresholds where *CPR1A* is not appropriate, mainly because the nature of the contract requires wider advertising or that it carries higher risk. The *Construction Procurement Route Selection Matrix* [in chapter 3](#) should be used to identify the most appropriate route.

1.3 Many tender processes, due to the specialist nature of the contract subject or due to value and public or risk profiles, require to be extensively advertised and subjected to more rigorous procedures. Those which have been adjudged suitable for *CPR1A* are of low or medium risk and by their nature do not require to be advertised, whilst those earmarked for *CPR1B* are higher risk and need wider marketing. Whatever the means of conducting a *CPR1* exercise, it must be conducted in a fair and transparent manner, with suppliers who are invited to quote being treated equally and without discrimination. To this end, authorities should keep robust records of the entire process.

1.4 In this guidance we have provided a process chart to take the user through both *CPR1* options and follows on from the *Construction Procurement Route Selection Decision Matrix*. It consists of a flow chart (Annex A), similar in design and concept to the decision matrix, setting out the stages of the procedure and explanatory notes (Annex B) giving details of actions to be taken at each stage. It follows a logical process from business case through to award and management of the contract. Guidance is available showing how to use the online [Quick Quote](#) facility

## Use of CPR1

2.1 There are times when it is a distinct advantage to be able to award a contract quickly and get the contractor started on site or consultants working on the project as soon as possible. This could be because of an emergency requirement or perhaps because of a need to stimulate the economy by bringing work out more rapidly than normal. Urgency is not a reason or excuse to ignore the need for proper considered

procedure and the quick quote system and others like it allow CAs to carry out a reduced procedure whilst maintaining due process and governance.

2.2 Contracting Authorities should encourage the use of CPR1A as a default position for all contracts under the thresholds set out in the Act with CPR1B only being used where the decision matrix [in chapter 3](#) indicates that CPR1A is not appropriate.

## Background

3.1 [SPPN 4/2009](#) set out "...that all public contract opportunities for *goods and services* with an anticipated value of £50,000 or more should be advertised on the Public Contract Scotland website...". This has been superseded by the requirements of the Act which requires all *regulated* contracts to be advertised on PCS. [The Review of Scottish Public Sector Procurement in Construction](#) recommended that Quick Quote should become the norm for all works contracts worth less than £500,000 and that its use should be considered for all construction related contracts worth less than the thresholds in the Act. It also recommended that public bodies using *Quick Quote* should be able to demonstrate a clear audit trail to contract award when using quick quote, in order to ensure transparency and accountability. The use of this guidance, which promotes the recording of decisions and actions against each stage, will assist in providing that audit trail.

3.2 [Section 23\(1\)](#) of the Act requires all works contracts worth at least £2m and all other goods or services contracts estimated at £50k and above, to be advertised on the *PCS portal*. The EU threshold is higher than that; therefore, any contract of a value less than the Act thresholds may be procured through the *CPR1* process. *CPR1A (Quick Quote)* allows contracting authorities to procure lower value contracts much more quickly than would be the case for above threshold procurements.

## Guidance

4.1 This guidance aims to assist contracting authorities to come to a decision about the appropriateness of *CPR1* for their construction procurements and can be used for procurement of contractors, consultants and materials for construction projects. It consists of the decision matrix described in the guidance on route selection [in Chapter 3](#) of this Handbook and the following guidance on the process of tendering through *CPR1*. Procurement processes remain the responsibility of the contracting authority; however this guidance will assist in coming to the decisions that need to be made to ensure appropriate procurement procedures are adopted. A flow chart showing the *CPR1* process is given at Annex A and explanatory notes are shown at Annex B.

4.2 [Business Case/Justification](#) Everything should be proportionate and, whilst it is essential to properly justify the business case for a project and contract, we would not expect the same level of detail and analysis on a *CPR1* procurement as, for example, for a £100m project. Appropriate consideration should though be given to all the factors which will influence the outcome. This should include whether the project is necessary in the first place, what effect is to be achieved and the desired outcome, whether the authority has the necessary internal resource with suitable expertise to

deliver the project, if finance has been secured and whether the model of financing matches the expected delivery programme for the project.

4.3 Selection Process While the *Quick Quote (CPR1A)* process is intended to reduce the tendering timescales, it does not excuse the contracting authority from demonstrating a compliant and auditable process. It is therefore recommended that contracting authorities create and publish a formal policy setting out how they will undertake their quick quote process. The policy statement should reflect the CA's corporate processes for complying with procurement legislation and must include as a minimum:

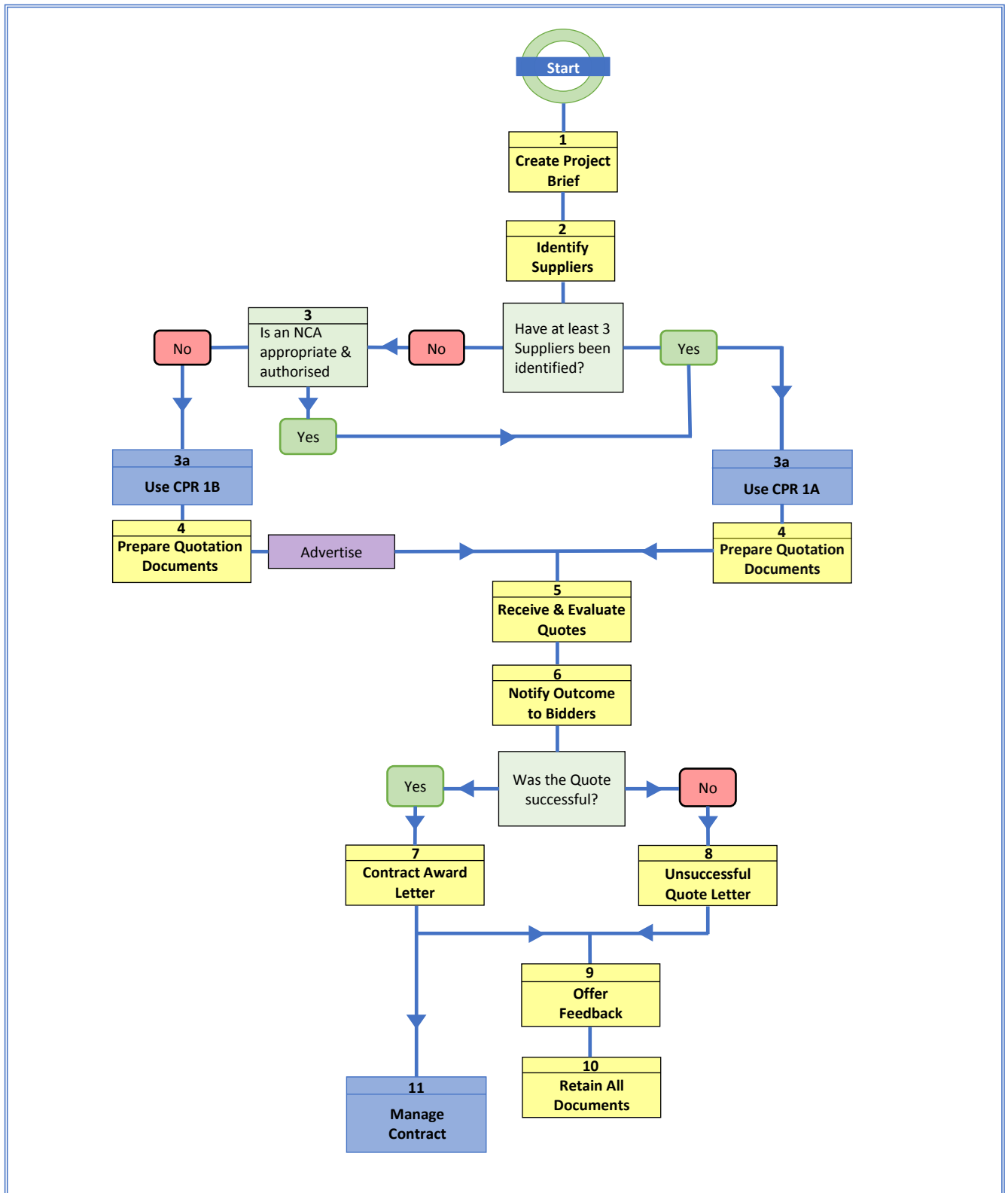
- A statement on the contracting authority's financial thresholds in relation to the use of *Quick Quote*.
- A statement on how the contracting authority will use the process to improve the economic, social and environmental wellbeing within its area reflecting the sustainable procurement duty.
- A statement on how the contracting authority will identify suppliers for the process including organisations new to the authority, to ensure that competitive bids are achieved.

4.4 Compliant and effective use of *Quick Quote* depends on the ability of the CA to draw up a list of businesses to be invited to provide a quote. If a CA cannot obtain the necessary market insight to ensure potential bidders are capable of, and available, to perform the contract, then the use of quick quote for sourcing a supplier is unlikely to be appropriate. In which case the contract should be advertised openly using *CPR1B*.

4.5 The *Quick Quote* strategy will be subject to examination as part of the *Construction Capability Assessment (CCA)* which is currently in development and which will form part of the *Procurement and Commercial Improvement Programme (PCIP)*.

4.6 Explanatory notes provide further detail on each stage of the flow chart.

Construction Procurement Route 1 Process Chart



## Quick Quote (CPR1) – Explanatory Notes

### Note 1. Create Project Brief.

The brief will be informed by the procurement strategy which is covered [in Chapter 5](#) of this handbook. The brief must be a bespoke document providing the prospective suppliers with sufficient detail to allow them to understand the requirements of the job and provide an appropriate quotation. It should be no different, apart from in scale, to a brief that you would provide for a construction procurement route 2 process. Bear in mind that it will form part of the formal contract.

[Back to Process Chart](#)

### Note 2. Identify Suppliers.

You should seek quotations from a minimum of three suppliers who have the experience and expertise to meet your requirements. To receive three quotes back from suppliers you may wish to approach four or five suppliers, in case not all respond. It is good practice both in terms of being open and fair and in ensuring competition, to vary the suppliers who are invited to quote for similar work. The organisation's procedure for identifying suppliers in CPR1 should be clear to all suppliers and should be set out in your Procurement Policy.

Suppliers may be identified by searching the register of suppliers on [Public Contracts Scotland](#) (PCS). This website offers a 'Quick Quote' system to seek quotations from suppliers registered on the website.

If your Organisation does not use PCS, suppliers may be identified by other means. For example, using internet searches, trade publications or phone directories. If you are unable to identify three suppliers and non-competitive action is not appropriate, Construction Procurement Route 1 should not be used. If you need to request clarification, seek further guidance from your local construction procurement team or Centre of Expertise (CoE). When using CPR1, you should endeavour not to restrict your selection to suppliers you have prior experience of. This will help suppliers who have not previously bid for Scottish public sector work, gain access to opportunities and experience working for the public sector. This will also facilitate competition, encourage innovation and ensure best value in future service delivery.

[Back to Process Chart](#)

### Note 3. If Only One Supplier, has a *Non-Competitive Action* been authorised?

In processes where the CPR1 route is appropriate but where insufficient providers who can undertake the work required have been identified, you should either advertise the contract as per an open or restricted procedure, or if a single supplier has been identified, seek approval for a Non-Competitive Action from your local procurement team or from senior management in your organisation. If you are opting

for an NCA you should then follow the remainder of this process. For commercial reasons, you should not inform the supplier that they are the only suppliers involved in the process.

If an NCA has not been approved, you should follow CPR1B to procure the contract. If an NCA has been approved, continue as for CPR1A to prepare tender documents and invite one bidder to tender.

Note: A Non-Competitive Action should be the exception rather than the norm and should be fully documented for audit purposes

[Back to Process Chart](#)

#### Note 4. Prepare Quotation Documentation

Other than not requiring advertising, the CPR1 procedure should follow the same processes as CPR2, albeit at a scale appropriate to the contract being procured. Suppliers may ask questions about the quotation documentation and as a result you may wish to issue further information or clarification not contained within the original document. If you have issued any clarifications, you should communicate all questions, answers and clarifications in writing to all suppliers who were invited to quote. This can be via the bulletin board within 'Quick Quote' or by e-mail. Care should be taken to remove all commercially sensitive information in this process e.g. names of suppliers etc.

You should keep to the original timescales identified in your quotation documentation, however, in exceptional circumstances you may choose to consider extending the deadline for receipt of quotations. Remember to communicate this to **all** suppliers if you do so. It is advised that you consult with your local Procurement Function/CoE for further guidance.

The time limit for quotation responses should reflect the complexity of the contract being procured.

[Back to Process Chart](#)

#### Note 5. Receive and Evaluate Response

Quotation responses should be received through the [Quick Quote](#) system where possible. This provides a secure receipt mechanism and is considered best practice. Where organisations do not use Quick Quote, quotation responses may be received in hard copy or by email. If you plan to receive responses via e-mail, you should bear in mind that these may go into your junk mail folder, so it is important to look there prior to your deadline. Where an alternative to PCS is used, it is essential to maintain a robust control measures and an audit trail at all times to ensure that access to tenders is controlled and recorded to reduce the risk of fraud or collusion entering the procedure.



Quotation responses should be opened in line with your organisation's governance arrangements. If your organisation does not use Quick Quote, you should formally record the quotation responses received using a [Record of Quotations Received form](#) similar to the example shown below. If less than three quotation responses were returned, reasons why should be sought from the suppliers who did not submit their quote and this information should be retained on file. If only one response is received contact your local procurement team/Centre of Expertise (CoE) for advice on how to proceed.

Any quote which shows a potential “abnormally low price” should be queried with the supplier to identify the reasons for this. See the guidance on Abnormally Low Tenders, [in Chapter 8](#) of this Handbook

If responses are received with proposed alternative Terms and Conditions of contract, the supplier must be informed in writing that the Terms and Conditions of Contract as originally identified will apply. If the supplier continues to challenge the Terms and Conditions, you should seek advice from your procurement or legal services team, or, in their absence, your relevant Centre of Procurement Expertise. In no circumstances should any proposed changes be accepted without seeking specialist assistance.

You must use the evaluation process and guidance as set out in your quotation documentation and contract brief.

If you need to seek clarification of any or all quotation responses, this should be done in writing and a specific timeframe for response should be given. You should take care to treat all suppliers on an equal basis in this process.

Where appropriate, you may wish to consider interviewing/inviting presentations from suppliers to assist in the evaluation process. This requirement, together with the scoring criteria, should be identified in the tender documents. If you decide to request supplier interviews/presentations, you should provide details of the time, place and format in the documents. Care should be taken to ensure equal treatment of suppliers in this process. All suppliers should be provided with an equal opportunity for interview, presentation or site visits unless the initial evaluation undertaken shows that the supplier could not meet the core requirements. A record of the interview should be made for audit purposes and to assist the feedback process.

**Record of Quotations Received Document**

Quotation Title:

Department:  Office:

Requirement Owner:  Buyer:

Quotation Issued Date:  Quotation Return Date (QRD):

Reference:

The above information, together with the names of all suppliers, is to be completed before the opening of quotations.

	Quotes Invited By	Quotes Received by QRD – Yes/No	Late Quote Yes/No
1.			
2.			
3.			
4.			
5.			
6.			

Quotations opened in the presence of		
<b>Signatures</b>	<input type="text"/>	<input type="text"/>
<b>Names (Block Caps)</b>	<input type="text"/>	<input type="text"/>
<b>Date</b>	<input type="text"/>	<input type="text"/>

[Back to Process Chart](#)

**Note 6. Notify Outcome to Bidders**

Identify the successful supplier from the “Receive and Evaluate Responses” process and seek approval to award the contract in line with your Organisation's governance arrangements.

The successful supplier should be notified of their success in line with note 7 below, unsuccessful suppliers should also be notified.

All bidders are entitled to ask for the reasons why their quotation was unsuccessful. See note 9.

[Back to Process Chart](#)

#### Note 7. Contract Award Letter

Contract award for construction related projects must include written notification of the bidder's success and may include the signing of a construction contract. Notification should be in the form of a letter accepting the supplier's offer and must be signed by a person with the delegated authority to procure and commit your organisation to the contract.

[Back to Process Chart](#)

#### Note 8. Unsuccessful Quotation Letter

Unsuccessful bidders should be informed at the same time as the successful bidder, the following suggested letter may be used by authorities:

Add date Dear **"insert supplier name"**

**INVITATION TO QUOTE FOR:**

**"add contract name here and contract reference number"**

Thank you for your quotation dated **"(insert date)"**. On behalf of **"add organisation name"**, the evaluation of all the quotations received for this contract has been completed, however on this occasion your quotation has not been successful.

The quotation submitted by **"insert supplier name"** and provide brief reasons **why the supplier was unsuccessful.**

On behalf of **"add organisation name"**, I would like to thank you for the time and effort taken by **"insert supplier name"** when submitting this quotation.

Please do not hesitate to contact me directly should you have any questions about the content of this letter.

Yours faithfully

Add name here

Add job title

[Back to Process Chart](#)

### **Note 9. Offer Feedback**

Procurements by this route (CPR1) are not regulated procurements under the Procurement Reform (Scotland) Act 2014 therefore the provisions of that Act do not apply to them. It is however in the interest of both buyers and suppliers to ensure feedback is available to both successful and unsuccessful bidders. Feedback should help to improve future bids which in turn will improve competition and outcomes for the contracting authority. We therefore recommend that feedback, along the lines of the process set out in [Section 33](#) of the Act, is made available. Guidance on feedback to bidders is included later [in Chapter 9](#) of this Handbook.

[Back to Process Chart](#)

### **Note 10. Retain documentation**

All documentation relating to this quotation process must be retained to ensure a full audit trail, and in line with your organisation's governance arrangements. If you are using the Quick Quote facility, a full audit trail will have been maintained by the system.

[Back to Process Chart](#)

### **Note 11. Manage Contract**

The Managing the Contract handbook will provide guidance on operating the contract.

[Back to Process Chart](#)