

# PROCUREMENT IN THE COMMUNITY

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CREATING OPPORTUNITIES TO CONNECT



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# INTRODUCTION

NWG spend approximately £400 million a year on capital construction, goods and services across the business. Procurement and Supply Chain is primarily responsible for supporting business users in the purchase of these goods and services. We are committed to ensuring that goods and services provided to NWG are of consistently high quality and at the most competitive rates. We have a category management approach within the team, to help minimise risk, deliver savings and drive innovation throughout the supply chain. We are committed to working in an open, fair and transparent manner to ensure non discriminatory treatment of suppliers.

Northumbrian Water Group has a statutory duty to achieve best value and it is in our best interests to spend money in this way. Every contract for the procurement of goods, works or services by the Northumbrian Water must be for purpose of achieving our statutory or approved objectives and must conform to all relevant European and UK legislation.

Northumbrian Water's approach to meeting these obligations is to work closely with its suppliers by making us a good place to do business with. This means making systems and processes to bid for contract opportunities fair, transparent and easily accessible.

This will mean balancing our obligations of delivering value for money to its customers and ensuring the local economy remains healthy, local jobs are created and strong supply chains are extended in our areas of supply.

The aims of this guide are to provide the right level of guidance to enable our suppliers to submit tenders that meet the specified requirements and to win contract opportunities. The guide sets out the approach taken by Northumbrian Water to ensure that bidding for contracts is fair, equitable and transparent and compliant with the EU and UK legislation.

At NWG we value the contribution that our suppliers make to the delivery of goods and services to the community. To ensure that NWG customers receive the best value in these services we welcome competition and conduct open and transparent procurement exercises to ensure best value is achieved in each of our procurements.

We recognise that Utility sector procurement has a reputation of being time consuming and resource intensive. Supplier frustrations have previously been expressed regarding time delays and poor communication. At times a lack of understanding of how to become a supplier to a utility company and why and how decisions are made is seen as a barrier to suppliers bidding for utility contracts. We are keen to break down these barriers and improve the supplier experience through improved processes and the use of technology.

This guide aims to demystify the procurement process and explain the importance of following the rules and regulations to ensure that the Utility makes the best use of its resources and that the procurement process is fair and transparent. By making the procurement process more efficient we hope to increase the competition for contracts and ensure all suppliers have an equal opportunity to bid for contracts.

# ABOUT NORTHUMBRIAN WATER GROUP

Northumbrian Water (NW) and Essex and Suffolk Water (ESW) are both part of Northumbrian Water Group (NWG) which is indirectly owned by a consortium comprising Cheung Kong Infrastructure Holdings Limited, Cheung Kong (Holdings) Limited (both of which are listed on the Hong Kong Stock Exchange) and Li Ka Shing Foundation Limited (a charitable organisation).



Our mission is to be the national leader in the provision of sustainable water and waste water solutions, developing stakeholder value and growing our business through our competitive position. We recognise the important role that our supply chain partners have in supporting NWG to achieve our mission.

NWG supplies water and sewerage services to just under **4.4 million people**. Water is supplied to **794,000** properties in Essex & Suffolk, with water and sewerage services provided to **1.3 million** properties in the North.

Every day we supply **1,104 megalitres (1.1 billion litres)** of water. This water is drawn from reservoirs, where it is collected and stored, rivers and groundwater sources. It is treated at our works before it is delivered by a network of pipes to homes and businesses.

In the north east of England, where we also provide sewerage services, waste water is then collected from these properties via the sewerage network and treated at our works before it is returned to the environment as either clean water or sludge which can be recycled as fertiliser or used to generate energy.



**NWG EMPLOYS JUST OVER 3,000 PEOPLE AND OPERATES:**

**55  
WATER  
TREATMENT  
WORKS**

**413  
SEWAGE  
TREATMENT  
WORKS**

**326  
WATER  
SERVICE  
RESERVOIRS**

**29,923.1km  
SEWERS  
(INCLUDING  
13,510km OF  
TRANSFERRED  
NETWORK)**

**303  
WATER  
PUMPING  
STATIONS**

**25,678.3km  
WATER  
MAINS**

# HOW THE TENDER PROCESS WORKS

Northumbrian Water Group (NWG) has multiple approaches to the procurement of goods and services and endeavours to deal with suppliers at a level which is commensurate with the value and importance to the business as a whole. The major spend areas are managed by our category managers directly with our contracted suppliers while our smaller ad hoc requirements are managed on a local basis directly by the appropriate local personnel.



NWG will always endeavour to undertake an open and transparent process ensuring non discriminatory treatment of suppliers. As a water utility we are also bound by the EU Procurement Directives. We also have internal rules which our staff must comply with which cover not only the financial and legal guidelines but also the way in which we conduct business. The thresholds at which these apply are included below.

**NWG FINANCIAL RULES**

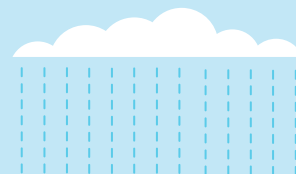
<£5K	Budget holder will procure with a minimum of 1 quote sought.
£5K - £10K	Budget holder will procure with a minimum of 3 quotes sought.
£10K - £50K	Budget holder will procure with a minimum of 3 quotes sought and procurement departmental advice.
£50K>	A tender process will be undertaken by the procurement department.

**EU PROCUREMENT DIRECTIVES THRESHOLDS  
(AS AT 1ST JANUARY 2018)**

SUPPLIES	SERVICES	WORKS
£363,424	£363,424	£4,551,413



# WHERE CAN I FIND OPPORTUNITIES?



As a regulated business, when we are sourcing goods, works and services with a contract value above the EU Threshold, we use two main methods of advertising our opportunities – Achilles Vendor Database and the Official Journal of the European Union. *(Please note we will choose one of these two methods to advertise but not both).*

## ACHILLES VENDOR DATABASE

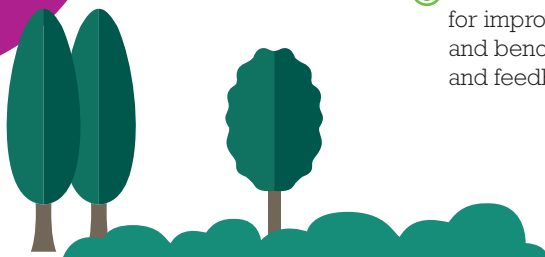
### WHAT IS ACHILLES UVDB?

Achilles UVDB is a community for the UK utilities industry. It enables the utilities sector to use Achilles' proven supplier pre-qualification system to comply with EU regulations, and suppliers to have a unique opportunity to connect with key industry players.

### WHAT ARE THE BENEFITS OF ACHILLES UVDB TO SUPPLIERS?

Achilles UVDB provides a fair, open and transparent means of supplier selection for potential tender opportunities. Joining Achilles UVDB enables suppliers to:

- 💧 **WIN NEW BUSINESS** - Over 1,500 individual buyer users from over 80 organisations for you to promote your products and services to and access tender selection opportunities
- 💧 **REDUCE OVERHEADS** - Complete and maintain a single pre-qualification questionnaire and where applicable, an audit, for key players in the utilities industry
- 💧 **INCREASE CREDIBILITY** - Demonstrate capability to meet the industry requirements through the recognised industry pre-qualification
- 💧 **GAIN COMPETITIVE ADVANTAGE** - Identify areas for improvement through an independent assessment and benchmarking process which offers practical advice and feedback







## HOW TO JOIN ACHILLES UVDB

Achilles UVDB offers different subscription levels for suppliers; your organisation's subscription level is based on the number of product codes you want to present and promote to buyers within the UVDB community.

- 🟢 **UVDB TIER 1** subscription allows you to choose up to 7 Product Codes. Annual fee £540 (£648 incl.VAT)
- 🟢 **UVDB TIER 2** subscription allows you to choose up to 14 Product Codes. Annual fee £670 (£804 incl.VAT)
- 🟢 **UVDB TIER 3** subscription allows you to choose up to 21 Product Codes. Annual fee £855 (£1,026 incl.VAT)
- 🟢 **UVDB TIER 4** subscription allows you to choose more than 21 Product Codes. Annual fee £1,065 (£1,278 incl.VAT)
- 🟢 **UVDB SMALL SUPPLIER** subscription allows your organisation to choose up to 3 product codes. This is a shorter community questionnaire, is available to companies with less than 10 employees and turnover of less than 1 million pounds. The fee for this level is £100 + VAT. Suppliers who need to demonstrate their capability for contracts with a high emphasis on Safety, Health, Environment and Quality (SHEQ) will need to complete an Achilles UVDB Verify assessment.

To join Achilles UVDB, visit [www.achilles.com/uvdb](http://www.achilles.com/uvdb), call +44 (0)1235 861118 option 2 or email [enquiries@achilles.com](mailto:enquiries@achilles.com)

## WHO HAS ACCESS TO MY INFORMATION?

Your company information will only be available to the buyers in the Achilles UVDB community.

## HOW DO THE BUYERS ACCESS MY INFORMATION?

The buyers have access to a secure online search. This enables buyers to search for companies by name or by selecting product and service codes (these are the codes you selected when completing the pre-qualification questionnaire). To download a copy of the Product and Service Code guide, visit [www.achilles.com/uvdb](http://www.achilles.com/uvdb) or visit the Information Centre once you have logged in. The most common search criteria used by our buyers are product and service codes. When a buyer runs a search for a particular code listed in your pre-qualification questionnaire your company will be identified as a potential supplier and you may receive an invite to tender or a request for more information via email. Please note that for some searches buyers may use other filters based on the questions in the pre-qualification questionnaire such as annual turnover to further pre-qualify suppliers.

## HOW WILL I RECEIVE BUYER ENQUIRIES?

Once the buyers have identified suppliers through Achilles UVDB, that they wish to consider for an up-coming tender or contract opportunity, they will contact them directly. For example by sending Additional Questions (AQ). If you have been sent an AQ enquiry, you will be notified by email and asked to log into the system to review the details and respond to the buyer's questions. The buyer may also opt to contact you using their own methods outside of the AQ application.



## OFFICIAL JOURNAL OF THE EUROPEAN UNION (OJEU)

OJEU stands for the Official Journal of the European Union (previously called OJEC - the Official Journal of the European Community). This is the publication in which Utilities can advertise tenders above EU Thresholds. OJEU not only covers Utilities but other organisations and projects that receive public money. Organisations such as Local Authorities, NHS Trusts, MOD, Central Government Departments and Educational Establishments are all covered by the legislation.

We would advise all suppliers to review and register with the Tenders Electronic Daily (TED) website to be able to access all OJEU notices.

### PROCUREMENT ACTIVITIES BELOW EU THRESHOLD

When we procure contracts with a value between £50,000 and the relevant EU Threshold we still use Achilles to form tender lists.

Procurement opportunities below £50,000 are managed by the relevant budget holder; you can find more information on NWG website [www.nwl.co.uk](http://www.nwl.co.uk) with regards to the type of goods, works and services that we procure. If you are interested in any of these areas and feel you could provide a high quality service to NWG, you can find details of the Category manager responsible for each are listed on the website. Additionally, we also have an innovation section where you can pitch your products/services. More details on this can be found later in the brochure.

You can also find other Contract opportunities for the public sector one the following websites

- Contracts finder (<https://www.contractsfinder.service.gov.uk/Search>)
- Crown Commercial Services (<http://ccs-agreements.cabinetoffice.gov.uk/procurement-pipeline>)





## OPPORTUNITIES WITH OUR CAPITAL FRAMEWORK PARTNERS

NWG have a number of capital frameworks to deliver asset and assurance capital plans. These frameworks cover a broad range of projects including the provision of new assets, renewal, modification, refurbishments and extensions of existing assets on our above and underground programme of works. They maybe opportunities to become part of our capital partners supply chain, for more details about how we deliver our capital works along with key contact details for our partners please refer to 'An overview of NWG's approach to capital delivery' booklet. This can be found on our website at [www.nwl.co.uk](http://www.nwl.co.uk)



# WHAT HAPPENS NEXT?

Once you have expressed an interest following receipt of the advert via Achilles or OJEU you maybe asked to complete a Pre-qualification Questionnaire (PQQ) to determine your capability and capacity to undertake the contract. This will be issued and managed through Ariba, which is our online tender portal; you will not need to pre register with Ariba as you will be invited by the procurement team when required.

## PRE QUALIFICATION QUESTIONNAIRE

The PQQ will typically consist of questions relating to experience, financial status, insurances and Sustainability. They may also be a number of mandatory requirements that need to be complied with in order to progress further in the process.

The PQQ within Ariba will detail how each question is scored with appropriate weightings against each section. All the information you need will be held within Ariba however if you don't understand anything the procurement team are available to assist where possible.

The documents will advise how many applicants will be shortlisted to progress to tender stage. Should you be successful in being shortlisted from the PQQ you will receive notification of this and a link to the Invitation to tender (ITT) on Ariba.

## INVITATION TO TENDER

The Invitation to Tender (ITT) or Request for Proposal (RFP) are both common terms used for the full tender documentation which includes specifications and a request for prices and will assess the quality aspect of the proposed solution. The tenders

received by NWG are evaluated and scored according to a set of pre-determined rules, generally by a panel of key users and business representatives. The suppliers may be asked for further clarification at this stage, tender interviews may also be required. Our award criteria will be specified within the tender documents. Tenderers will be notified of the award of contract, and for any tenders over the EU threshold a 10 day standstill period will apply prior to signing of contract(s).

## COLLABORATIVE PROCUREMENT

Where appropriate, NWG will undertake collaborative procurement as a participating consortium member of Selectusonline Ltd. Selectusonline Ltd includes Scottish Water, United Utilities, Scottish and Southern Energy, Electricity North West and Northern Power Grid. Additionally, NWG may also undertake collaborative procurement as part of the Cheung Kong Infrastructure Group (CKI), CKI's other UK Utility investments include UK Power Networks Holdings, Northern Gas Networks Ltd, and Wales & West Utilities. When collaborative procurement processes are undertaken, we follow the same routes to market and procurement processes as detailed above.



*Please note - The process above applies only to procurements above £50,000 and long term contracts. For all enquires below this value, a simple quotation procedure will apply.*

# WHAT DO WE EXPECT FROM SUPPLIERS

In order to achieve our vision to be the national leader in the provision of sustainable water and waste water services, we need a high performing supply chain. NWG want to ensure we work with suppliers who offer excellent performance while continuously looking to improve and innovate. We also expect our suppliers to comply with all applicable local laws and regulations and respect internationally recognised human and labour rights. Our responsible procurement supplier charter sets out some basic principles which we expect all of our supply chain to comply with when doing business with NWG. See overleaf for a copy of the charter.

## INNOVATION

At NWG we continuously strive for innovative and better ways to deliver our business. If you have a new technology, product or service offering which you think might be of interest to us then our Market Innovation & New Technologies (MINT) forum would be pleased to hear from you.

MINT forum is a cross-business group established to provide a central point of contact through which you can raise awareness of and provide information about your innovation. It also aims to accelerate the decision making process, providing a rapid response as to whether your new technology, product or service is likely to be of interest to us at this point in time.

If you have something that you would like the MINT forum to consider, please complete our "NWG Consideration of new products and services" form and return it by email to: [innovation@nwl.co.uk](mailto:innovation@nwl.co.uk)



# NWG RESPONSIBLE PROCUREMENT SUPPLIER CHARTER

Responsible Procurement plays a vital role in ensuring NWG can achieve its vision. We are committed to ethically procuring goods, works and services in a way that generates maximum value not only to our organisation but also to the society and economy, while enhancing the environment and complying with all the relevant laws.



We expect our suppliers to comply with all applicable local laws and regulations and respect internationally recognised human and labour rights. This responsible procurement supplier charter sets out some basic principles which we expect all of our supply chain to comply with when doing business with NWG.



## CUSTOMER

NWG aim to deliver industry leading customer service. Our customers are at the heart of our company and we have a clear focus on getting things 'right first time every time'. NWG suppliers must have a clear focus on customer service and always 'Think Customer' to ensure we deliver outstanding customer service every time.



## COMMUNITIES

NWG recognises the important of communities and we want to build strong relationships in the communities which we serve. NWG are committed to working with our supply chain to make a positive contribution to the communities which are affected by our activities and NWG suppliers must be willing to work with us to promote initiatives such as apprenticeships, work experience, school visits, charity events and other opportunities which will leave a lasting legacy in the community.



## LIVING WAGE

NWG is a Living Wage accredited Employer. We believe that paying a good wage not only helps the people who work for us but makes good business sense too. The Living Wage is an hourly rate set independently and updated annually and is calculated according to the basic cost of living for the UK. NWG's contracts for services and works will include a Living Wage obligation. That will mean that any contracted or subcontracted employee working regularly on NWG sites must also earn at least the living wage.



## BRIBERY AND CORRUPTION

One of our five core values is to behave ethically. NWG are committed to not engage in bribery or any form of unethical inducement or payment including facilitation payments and 'kickbacks' and NWG strictly prohibit its employees and suppliers from such activities. Suppliers must keep current, accurate, written accounts of all payments (including gifts, meals, entertainment and anything of value) made on behalf of NWG, or from funds provided by NWG.





### MODERN SLAVERY ACT

The Modern Slavery Act was introduced in 2015 in an effort to tackle slavery and trafficking. NWG are committed to complying with the Act and as such will work with suppliers to provide transparency through our supply chains. NWG include provisions in its contracts relating to the Modern Slavery Act and suppliers will need to evidence their compliance with the Act. Furthermore, we expect suppliers to be aware of the ETI base code and where deemed appropriate will be asked to commit to signing up to the code.



### HEALTH & SAFETY AND WELLBEING

NWG believes that the promotion of Health, Safety and Wellbeing is a fundamental requirement for us and our suppliers. NWG's suppliers will at all times and under all circumstances maintain a high level of safety including the achievement of all legal standards. NWG expects its Suppliers to work with us to establish and maintain a culture and working environment in which Health & Safety is of paramount concern to all.



### ENVIRONMENTAL

NWG is committed to sustainable development which minimises the effect on the environment. Suppliers are encouraged to ensure that in designs, supply or construction for NWG that the activities:

- Focus on whole life cost
- Minimise energy use
- Preserve and enhance bio-diversity
- Minimise waste
- Eliminate pollution
- Conserve water resources.



### EQUAL OPPORTUNITY, DIVERSITY AND INCLUSION

NWG recognise the value that different backgrounds, experiences and perspectives can bring to our business and we oppose all forms of unlawful and unfair discrimination or victimisation. All NWG suppliers must ensure that no employee or job applicant receives less favourable facilities or treatment (either directly or indirectly) in recruitment or employment on grounds of age, disability, gender / gender reassignment, marriage / civil partnership, pregnancy / maternity, race, religion or belief, sex, or sexual orientation (the protected characteristics as defined by Equality Act 2010).



### CONFIDENTIAL INFORMATION

Some of the information we deal with has to be treated confidentially. We will always handle confidential information about NWG's business lawfully and with care, while maintaining confidentiality. Suppliers should ensure that they hold and process confidential information belonging or pertaining to NWG in accordance with all relevant laws and should take action to prevent its improper use or release.



### CYBER SECURITY

NWG is a Critical National Infrastructure (CNI) company and relies on secure IT systems to provide essential services to our customers and stakeholders. It's paramount that our supply chain also follow good cyber security controls and follow the key principles of Confidentiality, Integrity and Availability of information and systems. Good practice Cyber Security controls should be applied to Technology, People and Process.



### REPORTING

NWG want to work with its employees and suppliers to ensure compliance with this charter. Should any supplier become aware of or have a belief that a NWG employee or anyone acting on behalf of NWG (including suppliers) have engaged in illegal or improper conduct or are not complying with the principles of this charter then they should report the matter to NWG. To report the matter to NWG you can call NWG's independent Whistleblowing line on 0800 915 1571. All reports will be treated confidentially.



# TOP TIPS WHEN TENDERING

- 🟢 Read the documentation clearly and understand what is required of you.
- 🟢 Don't be put off by the tender documentation – you can always ask for help.
- 🟢 Provide all of the information requested. If you cannot provide some of the information, for whatever reason, ask for advice.
- 🟢 Research your customer – understand their priorities, processes and requirements.
- 🟢 Do not presume that the customer 'knows how you work'. Scoring is based on what is provided by you in your answers.
- 🟢 Check the award criteria and understand what is most important.
- 🟢 Be innovative and make it clear where you can add value.
- 🟢 Consider registering with Achilles (a supplier management website that is utilised by Utility companies in order to form tender lists).
- 🟢 When you receive an invitation to tender read the documents carefully to check you are capable of delivering the contract before completing the tender documentation.
- 🟢 Once you know a tender return date, plan in advance when you will start completing the paperwork. Don't leave it until the last minute. A well planned submission reduces the chance of mistakes being made and helps ensure your bid is the best it can be.
- 🟢 Consider collaborating with similar businesses if the contract is larger than you would normally tender for, it may increase your chances of success.
- 🟢 Answer all the questions clearly and provide all the requested information. Use the evaluation criteria provided to check you have covered all relevant points in your submission. If you can not provide some of the requested information, check whether the tender will be accepted before you invest time and resource in completing the paperwork.
- 🟢 Do not include un-necessary literature and brochures that are not requested.
- 🟢 Focus on the unique selling points of your organisation and make sure they are clearly evidenced in your tender. Don't assume we already know as tenders are evaluated based on the submissions.
- 🟢 Cost the tender as accurately as possible and state any assumptions made to your pricing model.
- 🟢 For some contracts, an Open Day or Question and Answer session may be held for potential bidders to go along, ask questions and see the site where they may be working. It is useful to attend these events to learn more about the contract requirements to inform your bid.
- 🟢 Ensure you meet the deadlines – extensions will not be granted and it is important to give a good impression of your organisation.
- 🟢 Once the tender return date has passed try and be patient in waiting to hear if your tender has been successful, this sometimes takes a little time.
- 🟢 When the company announces the tenders have been evaluated and the contract is ready to award it is important to ask for feedback on your submission, whether you are successful or not. This will help you understand what you did well and what you can improve on next time.



# GLOSSARY OF PROCUREMENT TERMINOLOGY

**AGGREGATION OF VALUE** A generic term applied to the practice of volume consolidation or leverage. Demand for identical or similar categories is grouped together in order to offer the buyer greater economies of scale when negotiating with potential suppliers.

**AWARD CRITERIA** The objective and transparent means by which buyers assess tender responses to select a winner - NWG policy is to select the most economically advantageous tender criteria.

**BENCHMARKING** Comparison of performance against other providers of similar services, particularly those recognised as adopting best practice.

**BAFO** Best and final offer [BAFO] refers to a multi-stage procurement process, in which written offers from bidders are subject to clarification and/or negotiation, and then the bidder[s] are invited to submit their final offer, which will not be subject to subsequent negotiation. Such processes may be appropriate when the scope of work is not well defined, the bidders' offers are substantially different and/or the procurement process represents an opportunity for buyer and bidders to develop their understanding of potential solutions.

**BEST VALUE** Best value is a trade-off between price and performance that provides the greatest overall benefit under the specified selection criteria. The term is closely associated with value for money. Seeking best value involves considering the quality of the solution proposed, the total life costs, service and support issues, sustainability etc. In higher value procurement projects, the bid evaluation criteria and their respective weightings will give expression to the perception of what represents the best value.

**CALL OFF CONTRACT** A contract made following a formal tendering process with one or more contractors, suppliers or service providers for a defined range of works, goods or services covering terms and conditions (including price) which users "call off" to meet their requirements. See also "framework agreement".

**COLLABORATION** An arrangement under which companies operate together externally to procure goods, works and services. Combined buying-power can improve services and prices and share the administrative overhead.

**COLLUSION** Secret agreement between two or more individuals or organisations to limit competition by the use of such methods as deception, misleading behaviour or fraudulent activity, where the objective is to obtain an unfair advantage. Collusion may take the form of a market sharing agreement, price fixing or bid rigging. Legally, all acts affected by collusion are considered to be void.

**COMPETITIVE TENDERING** Awarding contracts by the process of seeking competing bids from more than one firm.

**CONSORTIUM** An unincorporated group of organisations or individuals, often formed to tender for a contract with a view to forming a company or working in some other way in the event of winning.

**CONSULTANT** An organisation or individual employed by NWG for specific tasks, usually for a fixed period where specialist knowledge or objective review is required.

**CONTRACT** A binding agreement made between two or more parties, which is intended to be enforceable at law.

**CONTRACT AWARD NOTICE** Notice of an award of a contract published in the Official Journal of the European Union (OJEU), in fulfilment of the requirements of EU procurement directives.

**CONTRACT DOCUMENTS** Documents incorporated in the enforceable agreement between NWG and the contractor, including contract conditions, specification, pricing document, form of tender and the successful tenderer's responses (including method statements), and all other relevant documents expressed to be contract documents (such as relevant correspondence, etc.).

**CONTRACT NOTICE** Notice published in the Official Journal of the European Union (OJEU) by contracting authorities, seeking expressions of interest or inviting organisation to tender.

**CONTRACTOR** An organisation or individual who has made a contract to undertake works, supply goods or provide services.

**COST PLUS** The method of payment for contracts for which tenderers quote a lump sum or % addition to their costs (which would be reimbursed).

**CPV** Common Procurement Vocabulary is the numerical system of identifying goods and services in the tendering process when using OJEU.

**DAILY RATES** The method of payment for contracts for which tenderers quote rates per chargeable day.

**DAYWORKS** The method of payment for contracts for which tenderers quote rates per attendance hour.

**ECONOMIC OPERATOR** The generic European term applied to describe suppliers, service providers and contractors.

**E-PROCUREMENT** The use of electronic methods in every stage of the procurement process from identification of requirement through to payment, and potentially to contract management.

**ESTIMATE** A genuine and realistic price calculated that represents an estimate for defined works, goods or services, as required by EU rules or standing orders for the purposes of determining the procurement process and ensuring adequate budget provision.

**EXPRESSION OF INTEREST (EOI)** An expression of interest [EOI] is a formal notice to potential suppliers that a prospective buyer is planning to acquire goods or services and inviting interested suppliers to register their interest. It can be used as a tool to assess the level of competition in the supply market, and is usually part of a multistage procurement process. The first stage involves alerting potential suppliers to the forthcoming acquisition, and shortlisting respondents if there is an adequate response. The next stage involves the invitation of competitive offers from the short-listed respondents. Expressions of interest may be used for novel acquisitions or when the buyer wishes to stimulate competition where a supply market may not currently exist.

**EU RULES** The Public Services or Supplies or Works Contracts Regulations relevant to the implementation of the EU (European Union) directive on award of public services and Utility contracts.

**EVALUATION** Evaluation is the systematic consideration of the value, quality, importance or worth of something or someone. Procurement processes often require judgements to be made, for example deciding whether to approve a potential supplier, deciding which offer represents best value, or deciding whether to single source or adopt a different strategy. Most procurement decisions are non-programmed which means that they involve unique or novel problems, rather than routine and repeatable situations that are called programmed decisions. This means that the decision-making processes to evaluate alternative options need to be systematic and repeatable, and because of the obligation to demonstrate probity, decision-making also needs to be transparent and recorded. In practice, most procurement processes develop an evaluation plan prior to reaching decisions, and the evaluation process often involves multiple stakeholders, depending upon the value and complexity of the acquisition.

**EVALUATION CRITERIA** The basis upon which various decisions will be taken, either at selection or award stage.

**FIXED PRICE** In procurement, when negotiating an agreement with an extended term, the parties have a choice to fix the price for the duration of the agreement, or to agree some form of price-variation mechanism. The parties may choose a fixed price when inflation is relatively low and the supplier can anticipate what their cost will be without including unnecessarily large contingencies.

**FRAMEWORK AGREEMENT** An arrangement under which a contracting authority establishes with a provider of goods, works or services, the terms under which contracts subsequently can be entered into, or "called-off" (within the limits of the agreement) when particular needs arise. See also "call-off contract".

**FOI** Freedom of Information – as per FOI Act 2000.

**INSTRUCTIONS TO TENDERERS** Instructions in the tender document designed to ensure that all Tenderers are given all the relevant information relevant to the tender to assist with their submission.

**ITT** Invitation to tender to contractors, suppliers or service providers to bid for the provision of works, goods or services.

**INVOICE** A request to pay submitted by a supplier of works, goods and/or services.

**INVOICE PAYMENT TERMS** Specified terms of payment agreed between the supplier and purchaser.

**LIQUIDATED DAMAGES** A genuine pre-estimate of the loss that NWG will suffer if the contractor defaults when performing the contract. This may form the basis of deductions from payments, which will be calculated according to the specific circumstance relating to each type of contract.

**MARKET TESTING** The process of comparing the efficiency of in-house services against tenders from outside organisations.

**MEAT** Most economically advantageous tender is the tender that will bring the greatest benefit to NWG having taken a number of factors into consideration, including quality and cost.

**MINIMUM STANDARD** The stated level which must be achieved for specific selection criteria or award criteria.

**NEGOTIATED PROCEDURE** One of the procedures for procurement under the EU Directives, generally used by utility companies to tender contracts.

**OFFER** In a legal context an offer is 'an expression of willingness to contract on certain terms, made with the intention that it shall become binding as soon as it is accepted by the person to whom it is addressed'. Typically suppliers make offers in the form of bids, quotations or tenders, which may then be accepted by the buyer. The offer defines the terms upon which the supplier is willing to be bound, which normally include price, date of delivery, payment terms and a description of the category. One of the essential prerequisites for the formation of a contract is the existence of an offer.

**OFFICIAL ORDER** A pre-printed form, which incorporates the NWG terms and conditions of purchase, used to place an order with a supplier. See also "purchase order".

**OPEN PROCEDURE** One of the procedures for procurement under the EU Directives, under which all eligible applicants are invited to tender in a one-stage procurement process.

**OJEU** Official Journal of the European Union, which is a website that provides a gateway for Suppliers who wish to search for new business opportunities sent directly from the OJEU and also lower value opportunities from a wide range of other sources throughout the UK and Ireland. Link to OJEU website below <http://www.ojeu.com>

**PARENT COMPANY GUARANTEE** A parent company guarantee binds the guarantor (the "parent company") to fulfil and complete a subsidiary company's obligations and liabilities in the event of failure by that subsidiary to fulfil and complete its obligations and liabilities under a contract.

**PIN** Prior-Information Notice. A short notice indicating that a call for tenders is planned during the coming three months. The publication of a PIN means that the deadline for submitting the tender from the publication of the call may be shortened.

**PERFORMANCE BONDS** Bonds or guarantees given to clients by specialist insurers, on behalf of contractors and at their expense, binding the insurers to compensate clients (up to the amount of the bond obtained) in the event of a default.

**PRE-QUALIFICATION** Pre-qualification describes the evaluation of potential bidders, before tenders are invited, against a list of criteria to ensure that only bidders which meet defined standards are eligible to bid, which can reduce the cycle time of the procurement process. Competitive tendering is predicated on the evaluation of offers on an 'apples with apples' basis, to ensure that bidders are of equal capability, or meet minimum professional and financial accreditation. In addition, the maintenance of standing lists of approved bidders can ensure that fair and open competition is demonstrated, and that bids can be evaluated on a broadly 'like-for-like' basis.


**PQQ** Pre-qualification questionnaire completed by organisation or providers that wish to be considered for a procurement activity or placed on an approved list. The purpose is to assess their general suitability in terms of financial and economic standing, technical capability and experience, quality assurance, health and safety procedures, environmental issues and equalities considerations.

**PRICING SCHEDULES** List of the requirements that might be required to be performed/supplied under the contract which the tenderer inserts a rate against each item.

**PROCUREMENT** The process of acquiring goods, works and services, covering acquisition from third parties and from in-house providers. The process spans the whole life cycle from identification of needs, through to the end of a services contract or the end of the useful life of an asset.

**QUOTATION** A written or verbal price given by a contractor, supplier or service provider, after being requested either orally or in writing. A quotation may be the written confirmation of an earlier, oral offer.

**RESPONSIBLE PROCUREMENT** A process whereby organisations meet their needs for goods, services, works and utilities in a way that achieves value for money on a whole life basis in terms of generating benefits not only to the organisation, but also to society and the economy, whilst minimising damage to the environment.



**RESTRICTED PROCEDURE** One of the procedures for procurement under the EU Directives, under which only eligible applicants who meet the client authority's criteria are invited to tender in a two-stage procurement process.

**RFQ** Request for Quotation. Simpler process for purchasing goods, services or works contracts.

**SCHEDULE OF RATES** Lists of jobs, like those in bills of quantities except that they contain no quantities. Rates may be inserted by tenderers, or by clients. In the latter case, tenderers specify their overall percentages on or off these rates.

**SELECT LIST** A list of suitable prospective contractors, suppliers or service providers that has been drawn up through a shortlisting exercise for a particular contract or procurement activity. This generally contains no initial cost assessment of suppliers until a request for quotation.

**SERVICES** Services provided to NWG by an external service provider (an individual or an organisation). Those that have a value exceeding the current threshold defined by the EU rules will be subject to the European tendering requirements.

**SLA** A service-level agreement [SLA] is an agreement between client and service provider which defines what services are to be provided, and to what standard, and the ways that the relationship will be managed - the rights and obligations of the parties. Typical contents of an SLA include the parties, the key contacts, the intent of the agreement, the services, priorities, service standards, metrics and review mechanisms, responsibilities, guarantees, and warranties. The SLA may specify availability, uptime, serviceability, performance, operation, or other attributes of the service, so that the parties are clear about what is to be delivered. In this sense the SLA may be an informal document that is not intended to be legally binding - especially if it stipulates the obligations of the client - or a schedule to a legally binding contract. What separates SLAs from contract schedules is the focus on defining and measuring service levels. Maximum, target and minimum service levels may be defined, together with mechanisms that apply if service levels are not met, such as joint problem solving, escalation, arbitration, and termination.

**SELECTION CRITERIA** The mechanism for determining the suitability of applicants for inclusion on tender lists. The selection criteria is used at prequalification stage.

**SERVICE CONTRACT** A contract for the provision of services as defined in the EU Directives.

**SMEs** Small and medium-sized enterprises, a term used to refer to smaller private sector organisation with less than 250 employees.

**SOURCING** The process of establishing potential suppliers of specified works, goods or services.

**SPECIFICATION** The description of the requirement that needs to be met. Specifications fulfil two basic purposes: to communicate what is needed to the supplier, and to allow measurement as to whether the goods or services delivered meet the required standard. There are two broad types of specification: input and output. Input specifications describe the technical standards which need to be met, and are sometimes called detailed specifications. Output specifications, such as performance or functional specifications, describe the function that needs to be performed and the outcomes that need to be met by the solution.

**STANDARD TERMS AND CONDITIONS** The terms and conditions we send out with all Purchase Orders and Request for Quotes which we expect suppliers to accept and comply with during the contract.

**STAKEHOLDER** A stakeholder is a person, group or organisation affected by a project or initiative. Procurement projects often affect many stakeholders, both within the organisation and in the supply chain.

**STANDSTILL PERIOD** Following evaluation of all proposals and prior to completing the contract award, you must notify all suppliers of your intention to award the contract. NWG will issue letters of intent to award to both the successful and unsuccessful tenderers. This notification will incorporate the mandatory 10 day standstill period (also referred to as the Alcatel standstill).

**SUB-CONTRACTING** The process where a contractor assigns part of the contract to another contractor(s).

**SUPPLIES** Goods, either purchased or hired. Those that have a value exceeding the current threshold defined by the EU rules will be subject to the European tendering requirements. Standing orders may have different values covering works, services or supplies.

**SUPPLY CONTRACT** A contract for the purchase, lease, rental or hire purchase of products (may also include siting and installation services).

**TENDER** An official written offer to an invitation that contains a costed proposal to perform the required delivery of works, services or supplies, and is provided in response to a tendering exercise.

**TENDER DOCUMENTS** Documents provided to prospective tenderers when they are invited to tender and that form the basis on which tenders are submitted, including instructions to tenderers, contract conditions, specification, method statements, pricing document, form of tender and the responses from tenderers.

**TUPE REGULATIONS** The Transfer of Undertakings (Protection of Employment) Regulations 2006 (as amended from time to time) implementing the Acquired Rights Directive on the acquired rights of workers.

**VALUE FOR MONEY** The provision of the right goods and services from the right source, of the right quality, at the right time, delivered to the right place and at the right price (judged on whole-life costs and not simply initial costs).

**VARIANT BID** A contract notice will tell the supplier whether or not we are willing to accept Variant Bids, which means if a supplier has a more innovative solution to meet our needs than we have considered, they have a chance to propose and price it as well as providing a Compliant Bid.

**WHOLE LIFE COSTS** The systematic consideration of all relevant costs and revenues associated with the acquisition and ownership of an asset.

**WORKS** Building, construction and engineering related works. Those that have a value exceeding the current threshold defined by the EU rules will be subject to the European tendering requirements.

**WEIGHTINGS** The mathematical emphasis placed on various criteria in the selection or award stage of a tender procedure.



# NOTES

# WHO TO CONTACT

If you would like to discuss any elements of this document please contact any of the procurement representatives below.

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