



Branch Procurement Toolkit

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Introduction What is procurement?

Procurement is a term used to describe the process of buying goods, services and works.

This guide provides practical advice and guidance on good practice procurement techniques and standards. It has been produced to help all involved in branch procurement to understand what is expected when goods, services or works are being procured on behalf of UNISON. This guide should be read in conjunction with other branch guidance and rules.

8 tips for successful procurement

When spending UNISON branch money, there are some best practice processes and procedures your branch should put in place to ensure the branch obtains value for money, has transparent decision-making processes, works towards sustainability outcomes and reduces contract risks:

- 1. Establish branch procurement procedures** so that those responsible for buying know the agreed processes to follow and buying decisions are transparent and auditable. We recommend that branches adopt the template branch procurement procedures into your branch rules.
- 2. Adopt UNISON's Responsible Procurement Policy** (or similar) into your branch rules. The Responsible Procurement Policy includes National Delegate Conference motions and is reviewed annually and ratified by Finance and Resource Management Committee.
- 3. Implement a central system in the branch for recording ongoing contracts** and contract management information, so that those that need to access information can find it easily. This can be as straightforward as a digital folder on a central system with all the contract and correspondence information and a spreadsheet/list of all contracts containing the following fields of data:
 - contract title (purpose of the contract)
 - contract start date
 - contract end date
 - termination notice required
 - supplier name
 - value of the contract

It's good practice to also have a system to keep a record of any stocks.

- 4. Obtain alternative quotes** to be confident your branch is getting value for money. As well as checking the market rate, this will also help to validate any information/sales pitch that one supplier may give you, especially if you are not exactly sure what you need. Always ask questions if you are not sure.
- 5. Regularly review ongoing contracts.** Don't just let contracts roll on. Even if the branch is happy with a supplier that has been used for a long time, test the market and challenge the supplier on any price increases to check they are justified and check what they are supplying is in line with current industry practice.

'Value for money' means considering a balance of whole life costs, the quality of the product or service as well as sustainability considerations and is not about achieving the cheapest price.

'Whole life costs' means the total cost of ownership, so as well as the initial purchase price includes costs such as delivery, maintenance, running costs, training and disposal.

- 6. Follow the quotation toolkit guidance** which takes you through the process and provides template documents and usual tips.
- 7. Use Approved Suppliers** where these are available as this will save you time, help the union obtain collective savings and economies of scale and work towards sustainable outcomes.
- 8. Implement contract management processes** for ongoing service contracts.

Quotation toolkit

The process for obtaining quotes:

1. Define your requirement

First you need to understand what it is that you need to buy. Consider outlining your requirements for the supplier in the form of a Specification. A Specification is a written description or diagram of a product or service.

A simple specification may just set out the functions required, for example a specification for a multi-function device (MFD) could look like this:

MFD Specification

The following functions are required:

- Print
- Copy
- Scan
- Black and white and colour printing options
- Print at least 30 copies a minute.
- Take A4 and A3 paper sizes.
- Stapling functionality
- Ability to print up to 200gsm thickness
- Minimum of 2 paper trays
- Suitable for 20 people to use.
- Must fit into a space 1.5m wide by 1m deep.

More complex specifications should cover the following questions:

- “What?” a description of what you want to buy
- “Why?” brief background to the requirement to help the suppliers understand the reason behind the procurement (the aim/objective)
- “Where?” location they will be delivering/carrying out services
- “When ?” required date/frequency
- “Who?” depending on the requirement it may be important to let the supplier know who the users of the service/goods will be

It is important to specify at the correct level. Over-specifying will increase costs unnecessarily and under-specifying will leave a gap in the quality/functionality of what is being purchased.

Industry standards/legislation

When purchasing specific items or services it is good practice to think about the relevant legislation, industry standards, risks and impacts. This could be data protection or copyright issues, H&S considerations, environmental impacts such as WEEE legislation for disposal of electrical equipment. Is the supplier an authorised re-seller for the manufacturer of the equipment?

2. Identify suppliers

Sourcing suppliers can be carried out by various methods; your own knowledge, recommendations from other branches, colleagues and internet searches, UNISON's Approved Supplier list.

3. Request quotes

Write the Request for Quotation letter/email, including the Specification you have drafted and send to the suppliers you have found. Give them a deadline to return quotes by and provide contact details in case they have any queries and wish to discuss. You may need to go back to all suppliers to clarify an area if one supplier raises an issue with you that you hadn't considered.

It is important that confidentiality is maintained when requesting and receiving quotes, so send separate emails to the suppliers and do not release the name of competing suppliers or provide any commercial information or pricing to another supplier.

4. Review supplier quotations and terms

Once you receive the quotations, review and evaluate the bids to see whether they meet your needs and ask any questions where you need further information or are not sure.

Pricing

Check if the price is all inclusive (includes all charges and fees). Does the price include delivery, is a minimum order quantity required? If it is a service, are there any other costs to expect or have they all been included?

Supplier terms and conditions

Check payment terms. 30 days from invoice is standard practice across many industries and this is included in the branch terms and conditions of purchase if you use these as part of your contract. If you use the supplier terms please check the payment terms as some suppliers may ask for payment sooner than this or an advance payment. For a contract with a term, note the expiry date and any notice period required.

5. Supplier due diligence

For a lot of low value purchases where you are buying from a well-known company or brand and have confidence in their status and quality of their product, it will be unnecessary to carry out checks. Before you buy from a new and unfamiliar supplier it is important to carry out some checks on the company before buying from them. You can use the Supplier Due Diligence Checklist to help you with this as this lists some questions you can ask to ensure a supplier is genuine and experienced. Not all checks may be necessary and more in-depth checks may be required dependent on what you are buying. Due diligence checks should be proportionate to the value and risk of what you are buying, so more effort and in-depth checks carried out for higher value/risk purchases. It is not possible to cover every scenario in this document.

UNISON Approved Suppliers have all been vetted with thorough due diligence questionnaires which cover many areas including their policies and working practices and they have signed our supplier code of conduct. We've done this work so you can buy with confidence from these suppliers. We also monitor the suppliers and obtain up to date information from them.

6. Inform suppliers of your decision

Once you have selected the supplier contact the successful supplier to award the contract. It is good practice to inform the unsuccessful suppliers in writing. They may also ask for some feedback on why they didn't win the business. Do not release a company's confidential commercial and pricing information to another company when providing feedback. The purpose of feedback is to give the supplier the opportunity to learn how to improve their offering and not to challenge the decision.

Feedback discussion could include:

- a summary of the strengths and weaknesses of the supplier's offer
- an indication of competitiveness without revealing details of other bids
- levels of compliance to your requirements/specification

Model documents

Model documents are available for you to use for the quotation process. It's not essential that you use these, and they won't be appropriate for very low spend, but they are provided to assist you and can be adapted as necessary.

- Model Letter: Request for Quotation (appendix A)
- Model Letter: Request for Quotation - Successful Supplier Letter (appendix B)
- Model Letter: Request for Quotation - Unsuccessful Supplier Letter (appendix C)
- Supplier Due Diligence Checklist (appendix D)
- UNISON Branch goods and services terms and conditions of purchase (you can find these on the Branch Service Portal)

For most low value purchases the supplier's terms and conditions will be used, but there may be certain times when these Terms and Conditions can be used.

7. Records

It is best practise to keep a record of quotations and award decision for audit purposes and keep a central record of the contract, any correspondence and contract management information.

8. Insurance

If you have made a purchase that affects the value of branch assets and level or type of insurance cover required, please update your branch insurance questionnaire on OLBA to include the value of the new items.

What to watch out for in supplier agreements/ lease agreements

When reviewing supplier agreements/ lease agreements, read the document carefully and look out for the following:

Agreement duration

If your contract is for a service, look to see what is stated for the agreement duration and if this is in line with what you have discussed with the supplier. It's important to only commit to the length of contract that you need. Make a note in your calendar of the expiry date and any notice period required to end or extend. There are 3 common ways that contract duration can be written, check which of these applies to your contract and whether it suits your needs:

Automatic expiry

It may state that the agreement will end automatically on the expiry date. Useful if you require the agreement for a fixed amount of time/ quantity/ price. UNISON's standard terms of purchase are written in this way.

Notice period

It may state that the goods/ services will continue to be supplied until you provide notice to end the agreement and provide a notice period to do so, for example, 60 days prior to the end of the initial term. Make a note in your calendar to review and decide if you would like to continue or serve notice to the supplier to end the agreement within the timescales, so that it does not continue.

Autorenewal

Autorenewal is when the agreement automatically renews after the initial term if notice is not served by the stated deadline to end the agreement. Make a note in your calendar to ensure you don't miss the date to serve notice and so the agreement does not automatically renew.

Termination

Review the termination clause to understand on what basis you and the supplier can terminate the contract and what the implications, such as costs, are of doing so.

It is useful to check for a termination for convenience clause, whereby you and/ or the supplier can terminate the contract for no reason, such as you no longer have a requirement for the goods/ services provided under the agreement. Ensure that it's not one-sided in favour of the supplier only, that either you or both parties can do so.

Price and price increase

Check that the pricing stated withing the agreement is what you were expecting and what was agreed. Check if the price is all inclusive (includes all charges and fees), if the price include delivery, if there is a minimum order quantity.

If it is an ongoing contract check how long the price is fixed for and how changes in price will be dealt with. Ideally any price change clause agreed should only allow for an annual review and be linked to an agreed mechanism or capped so the supplier cannot submit unreasonable price increases. If the price is not fixed check how much notice you will get of any price change, do you have the right to request evidence to support their claim and do you know what your termination rights are in the circumstance that you don't agree with the price increase. Are there any other costs to expect or have they all been included? As well as the purchase price do you know what delivery cost will be. Will there be any other administration charges, expenses, training, maintenance, and disposal costs.



Payment terms

It's standard across most industries for payment terms to be 30 days from invoice. UNISON's standard purchase terms set out payment will be made on 30 days from invoice. Longer payment periods and late payments can affect the cash flow of companies, particularly small companies. Check if the supplier is asking for payment sooner than this or an advance payment. Sometimes suppliers will offer a discount for faster payment.

Where there is no payment date set out, a payment will legally be considered late if payment is not made 30 days from invoice or delivery of goods (if this is later). The statutory interest rates a supplier can charge for late payments is 8% plus the bank of England base rate, unless the contract sets out a different rate. Check your contract for late payment fees and make sure your branch has systems in place to pay on time to avoid these charges.

Disposal of equipment and products

Ensure you understand what will happen to the equipment at the end of a lease. Check if there is a charge for returning equipment at the end of the lease. When it is returned ensure you are given a receipt for the equipment.

The disposals of many assets are governed by legislation. There are many companies providing disposal and recycling services for electrical equipment and furniture. It is important to ensure that the company you are using for disposal complies with the relevant legislation and provides you with evidence. Ensure that data is wiped from electrical equipment such as mobile phones, computers, copiers etc.

MFDs/photocopiers

MFDs/photocopiers can prove to be costly and complex purchases. We recommend you use our approved provider as the terms we have with them are very favourable and they don't have all the contractual clauses and pitfalls that some MFD/ photocopier suppliers can impose. If you don't use the approved provider, please read the section on MFDs to assist you in your purchase.

Contract management

For ongoing contracts, it is important to manage and monitor the service to ensure the supplier continues to deliver. Contract management involves the following activities:

1. Establishing a working relationship with the supplier and regular review meetings

Good communication is key to maintaining relations and fixing problems. As well as day to day contact there should be a regular review meeting between the branch and supplier to discuss how the service has been over the preceding period and plan for the upcoming period. The frequency of meetings will depend on the type of contract and the performance of the supplier. A new contract is likely to require more frequent meetings at the start, and more regular meetings will be required if there is a service issue.

2. Monitoring supplier performance against the contract and maintaining records including any contract variations

It is important that you regularly review contract service levels and progress against the contract requirements. Poor performance must be confronted at an early stage to prevent it from escalating and becoming critical. Keep a record of all communication regarding notice of any poor performance and check your contractual rights to follow the agreed process for service failure notice.

If you need to make any changes to the contract, check the agreement to see how these should be dealt with. Discuss your required changes with the supplier and understand and agree how this will impact on the contract and pricing. Check you are happy with the implications of the changes you need and if you wish to proceed ensure a formal variation is documented so both parties have a record of the change that has been agreed.

3. Managing costs and authorising invoices

You should ensure you understand what the contract pricing includes and what is excluded from the contract pricing. Any changes to the scope of services and its impact on pricing should be agreed with the supplier prior to a supplier starting any additional work.

Invoices should be paid on time (providing they are correct and not disputed). Unnecessary delays in payment can affect supplier cashflow, especially for small and medium sized companies. The supplier may also charge interest if payment is late.

Data protection compliance and access to branch systems

If you have a legitimate need to share personal data with a supplier, sufficient checks must be made to be confident the company has adequate security and technical measures in place to protect the personal data. Under the Data Protection Act 2018, it is a legal requirement that a formal contract is put in place that sets out the minimum required terms. This may be through a data processing agreement or the commercial contract may contain all the required terms. Where possible it is recommended that you use approved supplier arrangements for this as the checks and contractual arrangements will all be managed by us.

If you need further advice on this please contact dataprotection@unison.co.uk or procurement@unison.co.uk

If a supplier needs access to a branch system to provide a service the purpose and details of how this will take place should be documented in the contract and appropriate obligations on the supplier set out to ensure sufficient security.

Appendix A

Model letter: request for quotation

Date

Dear XXX

RE: REQUEST FOR QUOTATION (RFQ) FOR

OUR REF:

I would be grateful if you could provide a quotation for the following:

Item: [description of goods (including product numbers, quantity and date required) or description of services and date/times required]

Please also state: any delivery costs for delivery to [address], the delivery lead time, the length of any guarantees offered and forward a technical specification for the product.

Your quotation should be your keenest price and should state whether VAT has been included.

Attached are the UNISON branch terms and Conditions that shall apply to any resulting contract. [delete if not used]

Please return your quote to [insert details, email/post address] by [date].

Please do not hesitate to contact me should you have any queries regarding this matter.

I look forward to receiving your response.

Yours faithfully

Name
UNISON Branch

Appendix B

Model letter: request for quotation – successful supplier letter

Date

Dear XXX

REQUEST FOR QUOTE (RFQ) FOR:

OUR REF

On behalf of UNISON, I am pleased to accept your quotation for the above requirement. The documents listed below shall be deemed to form and to be read and to be construed as part of the Contract:

- This letter
- The RFQ Dated []
- Your response to the RFQ Dated []
- Terms and Conditions attached (if used)

The contract will commence on, and per above the value of the contract, for the full life of the contract shall be £exclusive of VAT. The contract completion date is .

Please confirm receipt of this letter.

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

Yours sincerley

Name

UNISON Branch

Appendix C

Model letter: request for quotation – unsuccessful supplier letter

Date

REQUEST FOR QUOTE (RFQ) FOR:

OUR REF

Thank you for submitting your quotation in connection with the above-mentioned requirement. Following evaluation of the quotations received, I have to inform you that on this occasion your proposal has been unsuccessful.

I would like to thank you for the interest you have shown in this opportunity, and for the information and documentation provided throughout the process.

We will of course, contact you again should a similar opportunity arise.

Yours sincerely

Name

UNISON Branch

Appendix D

Due diligence checklist

This checklist can be used to make enquires to be confident the company is a legitimate third party with the appropriate accreditations, experience etc for a specific purchase. Not all checks may be necessary and other checks may be required dependant on the nature of the purchase.

1 Understand who the Branch will be doing business with

Check:

- That the company has a registration number
- The company is registered and listed on Companies House website

The 'Nature of Business (SIC Code)' recorded is related to the purchase <https://beta.companieshouse.gov.uk>

2 VAT

Check the company's VAT registration number is valid: <https://www.gov.uk/check-uk-vat-number> (VAT number is usually on bottom of company website homepage)

3 Services

If providing Services, check the supplier has the relevant:

- Accreditations
- Qualifications
- Insurance and skills etc
- Understand how they will provide the service; will they be subcontracting any of the work?
- For ongoing services it may be appropriate to carry out more in-depth checks on the company's policies and working practices (such as Quality processes, account management, equalities, diversity and inclusion, health and safety, environmental)

4 Goods

If providing Goods, check that the supplier is an:

- Authorised reseller
- Check available warranties and guarantees.

5 UNISON Policy, Values and Sustainability

Check:

- Companies/brands covered under UNISON conference policy motions are recommended not be used (see links in the Responsible Procurement Policy).
- Do they allow employees to become trade union members?

6 Unknown/new suppliers

- References - If they are unknown/ new to UNISON and providing ongoing services, request and take up references.
- Check it is not company named on <https://bdsmovement.net/get-involved/what-to-boycott>

7 Supplier terms of business

Check you understand the terms you are signing up to (see guidance on these). Or use the [UNISON branch terms and conditions of purchase](#).

8 Data Protection Compliance

If you have a legitimate need to share personal data with a supplier, sufficient checks must be made to be confident the company has adequate security and technical measures in place to protect the personal data. If you need further advice on this please contact dataprotection@unison.co.uk or procurement@unison.co.uk

Appendix E

Template branch procurement procedures

Branches are encouraged to adopt the following procurement procedures into their branch rules.

UNISON Branch Procurement Procedures

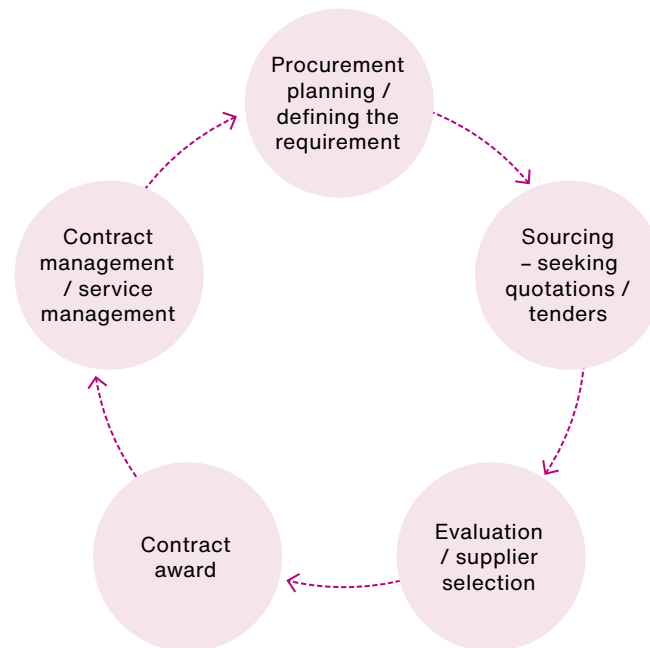
Purpose

The purpose of these procedures is to establish standards and practical instructions for UNISON branches to ensure branch procurement activity is carried out in line with best practice principles, to minimise procurement related risks and ensure value for money is obtained from members money.

The branch treasurer should ensure that anyone involved in any part of the procurement process on behalf of the branch has read and understood these procedures.

Procurement

Procurement is a professional activity to purchase, lease, rent or acquire goods, services or works. Procurement includes all activities involved in a purchase as summarised in the procurement cycle below.



Value for money

Procurement decisions should take into account quality and sustainability considerations as well as price. Value for money does not mean the cheapest but the decision should be justifiable and documented.

Procurement planning

Procurement planning and budgeting should be carried out consistent with national rules and guidelines.

Approved supplier arrangements

The branch will where possible seek to use approved supplier arrangements and agreements where the item/ service is available under the branch procurement service. Where the branch does not use an approved supplier arrangement it will seek quotations/ tenders in accordance with the agreed thresholds.

Responsible Procurement Policy and NDC Motions

UNISON has a Responsible Procurement Policy that covers national and regional procurement activity. The branch has agreed to adopt this Responsible Procurement Policy.

Thresholds for obtaining quotations and tenders

The branch will seek to obtain the number of quotations/ tender based on the financial thresholds below. Where the minimum number of quotations are not sought the reason and decision will be recorded and approved by the Branch committee.

Under £5000	1 quotation
£5000 - £9,999	2 written quotations
£10,000 - £49,999	3 written quotations
£50,000 and above	3 tenders

The estimated contract value shall be determined by considering the total cost of the purchase and includes the full lifetime of the contract.

Quotation and tender process

When undertaking purchasing activity the branch shall make use of available guidance on the branch procurement service.

Contracts

All contracts should be in writing and not agreed over the phone, so there is a formal record.

Contract management

For ongoing contracts, particularly services, the branch shall put in place processes to monitor and regularly review the services.

Record of purchasing decisions and contracts

Under the Code of Good Branch Practice, the Branch Treasurer is responsible for the maintenance of the branch financial records and the control of all branch funds. This includes records of purchasing decisions and contracts.

To assist with managing ongoing contractual arrangements the branch shall use a contract record system (such as a spreadsheet) to record all ongoing contracts/leases and their renewal dates and any notice period requirements.

Segregation of duty

No one person should complete all steps in the procurement process. A minimum of 2 people should be involved as a key financial control.

Conflict of interests

Persons involved in procurement decisions should declare any interests to ensure adequate plans are in place to manage.

Procurement flowchart

