

**Sustainable energy supply chain  
procurement guidance**

# bid better for public sector contracts

**A practical guide for suppliers**  
bidding for public sector contracts  
in the energy efficiency and renewables  
marketplace in Scotland

## About this guide

This is a practical guide to help installers, assessors and consultants bid for public sector contracts in the energy efficiency and renewables marketplace. Everyone understands the need for energy efficiency, including the Scottish Government through a number of policies and initiatives including targeting fuel poverty and helping develop and support the sustainable energy supply chains.

The Energy Saving Trust in partnership with the Supplier Development Programme commissioned procurement specialists SCMG to produce this guide in response to feedback received from installers, assessors and other groups involved in the sustainable energy supply chains. Feedback revealed that paperwork and administration was a significant barrier and that more support was required in understanding public sector procurement and how to bid better. This guide aims to address this feedback and will help you:

- Learn about or brush up on key procurement topics.
- Challenge your overall approach to tendering through the use of various exercises.
- Focus on key areas to improve a specific bid.
- Understand the policies and schemes that underpin the energy efficiency and renewables market in Scotland.

We have also developed some online videos to support this guide. These are available on the Energy Saving Trust website (see useful websites section at the end).

When you see this icon it means this is an exercise for you to complete. You could apply these to your tendering approach in general or use for a specific bid you are working on. There are also exercise templates for you to use in appendix 1.



The Supplier Development Programme '10-DR logo 'identifies topics in the guide where further information including an extensive range of training is available free of charge to SMEs. You can find further help and guidance at [www.sdpscotland.co.uk](http://www.sdpscotland.co.uk)



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	<p>Energy Saving Trust is one of the UK’s leading organisations set up to promote the sustainable and efficient use of energy. We provide impartial, accurate and authoritative advice on reducing carbon emissions individuals and organisations and act as a bridge from government to consumers, trade, businesses, local authorities and the energy market. <a href="http://www.energysavingtrust.org.uk">www.energysavingtrust.org.uk</a></p>
	<p>The Supplier Development Programme (SDP) helps Scottish SMEs improve their performance in bidding for contracts in the public sector and the wider supply chain, through offering free information, support and training events. <a href="http://www.sdpscotland.co.uk">www.sdpscotland.co.uk</a></p>

# 1. Introduction

The public procurement landscape in Scotland has been transformed over the last 10 years and a vibrant and dynamic marketplace now exists. Key features for Suppliers are that:

- Contracts are published electronically and publically available on the Public Contracts Scotland (PCS) online portal.
- Legislation and clearly defined rules about how the procurement process should be managed – including the ability to challenge the outcome of a tender process if you think you have been unfairly treated or discriminated against.
- There will be objective criteria and guidance about how your bid will be evaluated and scored.

There is now significant support available to Suppliers including ‘meet the buyer’ type events organised by public bodies and legislation to engage small to medium sized enterprises (SMEs) in public procurement including digital infrastructure meaning Suppliers can access public contracts via any web enabled device.

This guide is designed to help Suppliers write better bids. If you are unsuccessful with a bid it is not inconceivable that your competitors wrote a better bid than you. The content of this guide is designed to help you improve and learn from each bid. By doing so you should be able to improve your overall success rate and the amount of business you do in the energy efficiency and renewables marketplace.

The only person that can improve your bid is you. The only part of the process you can control is how you create and develop your bid and how you deal with any issues before, during and after the tender process.

## 2. Glossary of terms

The following table explains some of the most commonly used terms in public sector procurement. As these terms all have a specific meaning they are all capitalised throughout this guide in line with other standard procurement documents. This means that when you see words capitalised in this document you can refer back to this glossary for the definition of the term used.

<b>Term used</b>	<b>Definition</b>
Alert Profile	A PCS tool where Suppliers can receive alerts for contract opportunities based on information contained in their Supplier profile.
Buyer	The organisation or public body that is coordinating a procurement process with a view to appointing a Supplier and awarding a contract.
CAN	Contract Award Notice published once the contract has been awarded.
CN	Contract Notice or the advert for the contract.
Competitive Dialogue	The procedure used for complex contracts where it is not possible to award a contract using the Open or Restricted Procedures.
Competitive Procedure with Negotiation	A procedure where Suppliers will respond to an invitation to tender (or other call to competition) with selected bidders invited to further negotiate elements of their bid. Following the negotiations the bidders are invited to submit a revised tender.
ESPD	The European Single Procurement Document will allow suppliers to self-declare when they bid but must provide evidence before being awarded a contract that they can meet the selection and exclusion criteria defined by the buyer for above the financial threshold contracts.
Innovation Partnership	A procedure aimed at encouraging the development of innovative products, services or works where a specification is too difficult for the Buyer to develop or the requirement is not already available on the market. This procedure can only be used in special circumstances.
ITT	Invitation To Tender (ITT) is a document, normally consisting of a specification/overview of requirements, evaluation procedure and contractual terms that Suppliers are required to submit a bid for.
Negotiated Procedure without prior publication	A Supplier is invited to enter negotiations with a view to agreeing the terms of a contract with no advert placed in OJEU. This procedure is only used in exceptional circumstances.
OJEU	Official Journal of the European Union.

<b>Term used</b>	<b>Definition</b>
OJEU Notice	Tender opportunities where the contract value is anticipated to be over the OJEU threshold, published on PCS, but will also be published in OJEU.
Open Procedure	A single stage procurement procedure.
PCS	Public Contracts Scotland is the Scottish Government's portal for all Scottish based public bodies to publish public tender opportunities.
PCS-T	Public Contracts Scotland is an interactive online tendering portal that allows Suppliers to upload their PQQ/ITT.
PIN	Prior Information Notice sometimes published to advertise a future opportunity.
PQQ	Pre-Qualification Questionnaire to select bidders and invite them to tender (ITT) if used.
Procurement Reform Bill	The Procurement Reform Bill places sustainable and socially responsible purchasing at the heart of the tendering process.
Product Categories	Categorisation of supplies, services or works contracts used in PCS for public tenders.
Public Procurement Regulations	The European, UK and Scottish laws that regulate public sector procurement.
QQ	Quick Quotes provides a mechanism within PCS to invite selected Suppliers to quote for low value contracts less than £50,000.
Restricted Procedure	A two stage procurement process involving a PQQ to qualify the number of bidders who are then invited to tender.
Supplier	The organisation that is participating in a procurement process in order to win a contract to deliver works, services or goods.
Website Notices	Tender opportunities above the Quick Quote threshold but below the OJEU thresholds. These opportunities will only be published on PCS.

### 3. The importance of public procurement

Public procurement is important because approximately 50% of the business opportunities available anywhere in Scotland are related to public spending. Consequently there are few Suppliers who can afford to ignore this. The contracts relating to these opportunities are subject to the Public Procurement Regulations.

Bidding for public contracts should be a core skill that every business should develop.

It is also important that Suppliers know that when they bid there is a level playing field and that their bid will be properly considered.

In relation to energy efficiency and renewables, improving the energy efficiency of buildings is a key component of the Scottish Government's plans to tackle carbon emissions with energy efficiency now designated a national infrastructure priority. Improving buildings comes with a range of additional benefits including improved health and well-being and job creation. At the domestic level, it also helps address fuel poverty, which affects 35% of Scotland's homes (845,000 households)<sup>1</sup>. A household is defined as being in fuel poverty if they have to spend more than 10% of their income on energy.

There are a number of schemes designed to make homes and businesses more energy efficient. In the majority of cases these schemes will be public tenders managed by local authorities, registered social landlords and managing agents to deliver improvement targets.

This means in the case of public bodies these will be run as public tenders. Suppliers in this market place must learn to write better bids in a regulated procurement market that has specific legislation and rules about how the process must be managed.

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<sup>1</sup> Scottish House Condition Survey: 2014, the Scottish Government, December 2015

## 4. The Public Procurement Regulations

The Public Procurement Regulations<sup>2</sup> define how public procurement must be managed and are derived from EU directives. They have recently been updated to recognise community benefits, facilitate more SME involvement and to increase the level of competition for public contracts within and between EU member states.

You do not need to know every detail of the Public Procurement Regulations but Suppliers who are aware of the rules tend to perform better and win more bids.

Suppliers are often overwhelmed by the amount of legislation and what they perceive to be bureaucracy. There is a misconception that public sector procurement is a hurdle to get over and the rules are designed to protect or defend Buyers. This is not the case however; in fact, the Public Procurement Regulations are designed to protect Suppliers.

For most Suppliers the details of the Public Procurement Regulations are not as important as the spirit and understanding of some of the key steps of the tender process. How the Buyer manages the procurement process is prescribed by the Public Procurement Regulations. This means they have to do things in certain ways. If you spend some time to understand these steps then you will be in a better position to respond and manage the process of putting a bid together.

### The three tests

The general principles of the Public Procurement Regulations are quite simple and can be summarised by these three tests:

1. You will be treated in a fair manner.
2. Any decision making about your bid will be objective.
3. You will not be discriminated against for any reason.

These three tests must be passed in every procurement process. It is rarely the case but sometimes mistakes do happen and when they do Suppliers can challenge the outcome of the tender process.

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<sup>2</sup> The most significant include: Directive 2004/18/EC of the European Parliament and the Council, Public Contracts (Scotland) Regulations 2012 (S.S.I.2012/88) and Procurement Reform (Scotland) Act 2014 (asp 12)



## Proportionality

The Public Procurement Regulations define how a Buyer must manage a tender process. Depending on the value of the contract the rules apply to varying degrees for low, medium and high value contracts. This is the principle of **proportionality** whereby the Buyer must be proportional in how they manage the process. If the contract being tendered is high risk/high value then Buyers should manage the process in a certain way so that the cost and effort is proportional to the value of the contract being tendered. For example more competition is required for a high risk / high value contract to ensure they test the market thoroughly and make a good decision whilst for a contract that is low risk/low value less competition is required.

The thresholds for high value contracts as defined by the Public Procurement Regulations are:

OJEU financial thresholds*	Supplies	Services	Works
Central government	£106,047	£106,047	£4,104,394
Local government	£164,176	£164,176	£4,104,394

\*The biannual thresholds are valid from 1<sup>st</sup> January 2016.

**Table 1: Contract thresholds**

If the proposed contract value is in excess of the defined threshold then the Public Procurement Regulations are fully applied to that tender process. In proportionate terms contracts lower than the defined thresholds are advertised and published as notices on Public Contract Scotland (PCS) online portal.

Where the contract is of a low value (generally £50K or below) the Buyer is more likely to invite selected Suppliers to provide a Quick Quote. This is a compliant light touch tender process to reflect the lower risk and lower value of these contracts.

## Selecting a tender procedure

The Buyer must select a tender procedure with a number of different options available. Increasingly the Open Procedure is being used to avoid disqualifying smaller and younger businesses from the competition. The procedures and guidance now encourage this although there are several different options for the procedure that can be selected. These vary but the selection depends on the degree of certainty that the Buyer has in relation to their requirement and demand. However, in the overwhelming majority of cases you will be faced with either an Open or Restricted Tender Procedure.

The simple difference is that the Open Procedure has a single Invite to Tender (ITT) stage where anyone can submit a bid versus a Restricted Procedure which has two stages including a Pre-Qualification Questionnaire (PQQ) and an ITT. The choice of procedure also defines the minimum timescales that must be observed to allow Suppliers to respond.

The full list of tendering procedures a Buyer can choose is as follows:

- Open Procedure (one stage, ITT).
- Restricted Procedure (two stage, PQQ and ITT).
- Competitive Procedure with Negotiation.
- Competitive Dialogue.
- Innovation Partnership.
- Negotiated Procedure without prior Publication.

## Framework contracts

Framework contracts are contracts where the requirements are aggregated by different Buyers who consider their requirements collectively and invite tenders for part, or all of the requirements across different areas (often referred to as lots). For example, if there was a requirement shared by all Scottish local authorities, then it is likely that a framework of Suppliers will be established. Local authorities can then award contracts to Suppliers who are on the framework. This is designed to allow SMEs to bid for some, or all of the lots available. A larger business might bid for all lots, but every lot is considered and evaluated on its own merit and a winning bid for that lot identified.

The Scottish Government maintains a **forward plan** that can be accessed through PCS. The forward plan provides Suppliers with information on potential contract opportunities that may be advertised over a 12-18 month period. The forward plan also contains details on live frameworks, including the framework commencement and end dates and details of the framework contractors to allow Suppliers to investigate potential sub-contracting opportunities.

## Procurement Reform Bill and Community Benefit

The Scottish Government introduced the Procurement Reform Bill which is designed to add a Scottish flavour to public procurement. The Bill recognises many of the frustrations that Suppliers have in relation to the process and the issues for SMEs bidding into this marketplace. The Bill also prioritises **community benefits** as a key requirement of public procurement activities.

This should remind every Supplier about the original purpose of a public contract in that it should deliver a public benefit. This closes the loop on why procurement is required or necessary in the first place. Community benefits will become increasingly significant and be formally scored as part of the tender evaluation process with Buyers having discretion about how much weighting they apply to this.

When creating your bid you need to consider what the community benefit is. So you need to ensure that you can:



- Describe it.
- Identify who will benefit.
- Quantify that benefit in monetary terms.
- Qualify what that benefit will do for particular groups within the community.

Use the following table to consider what community benefits you can, or already deliver through a public contract. The table also includes some examples.

There is also a larger template for this exercise in appendix 1.

#	Benefit	Description (what)	Recipient (who)	Quantify/ Qualify 
1	Social	e.g. identify and support vulnerable groups in the local community.		
2	Economic	e.g. existing or new apprenticeships sustained or offered.		
3	Environmental	e.g. reduction in waste material and recycling.		

**Table 2: Community benefit exercise**

Community benefits are designed to get the maximum benefit for the community the contract is designed to provide a service to. They should be linked to the main purpose of the contract in terms of sustaining or adding employees and apprentices, or upskilling or developing new skills, as well as the additional benefits delivered to end users. Increasingly these are being defined as expectations associated with certain amounts of spend e.g. one modern apprentice for £100K of spend through the contract.

## 5. Managing the tender process

There are two key aspects to creating a winning bid:

1. **Managing the logistics of the tendering process.** This means starting early, doing your research, thinking about your bid tactics and creating a plan with milestones as you progress towards the deadline.
2. **Creating your bid.** You need to make time and space in your schedule to translate your ideas about how you can meet the specified requirements and deliver the contract better than other Suppliers.



We can think about this in terms of what happens before, during and after the contract is awarded.

Stage	What is the Buyer doing?	What should I be doing?
Before	<ul style="list-style-type: none"> <li>• Establishing requirements.</li> <li>• Trying to understand the marketplace.</li> <li>• Developing a sourcing strategy.</li> <li>• Engaging with Suppliers.</li> <li>• Creating an appropriate level of competition and selecting a procedure to run the tender.</li> <li>• Deciding how much value for money (quality/price) is required.</li> <li>• Specifying a requirement.</li> <li>• Publishing a Contract Notice (advert for a contract) via PCS.</li> </ul>	<ul style="list-style-type: none"> <li>• Trying to build a relationship with potential target Buyers.</li> <li>• Developing your own value proposition for different Buyers (see chapter 9 for more details).</li> <li>• Attending 'meet the buyer' events.</li> <li>• Making sure you have set up PCS alerts properly to ensure that you receive notification of relevant tenders, otherwise, you should monitor PCS notices on a regular basis and perhaps expand your Alert Profile to include additional categories and geographical areas.</li> </ul>
During <i>(assumes a two stage Restricted Procedure).</i>	<p>Prequalification (PQQ):</p> <ul style="list-style-type: none"> <li>• Defining minimum legal requirements.</li> <li>• Defining minimum expectations.</li> <li>• Testing your capability to deliver the contract.</li> <li>• Testing you have sufficient capacity to deliver the contract.</li> <li>• Identify Suppliers' capability</li> </ul>	<ul style="list-style-type: none"> <li>• Ensuring you can meet any minimum legal requirements defined.</li> <li>• Developing policies including quality, health and safety, environmental, business continuity and disaster recovery to evidence that you are running your business properly.</li> <li>• Developing and defining the capabilities that reflect the services</li> </ul>

	and capacity to deliver the contract and invite to tender.	<p>you provide ensuring they match the requirements of the tenders you are bidding for.</p> <ul style="list-style-type: none"> <li>Define and explain your capacity to deliver the contract – how much similar work or contracts like this have you previously delivered?</li> </ul>
	<p>Invitation to Tender (ITT):</p> <ul style="list-style-type: none"> <li>Invite candidates who have prequalified to submit a tender.</li> <li>Perhaps holding a briefing for invited candidates.</li> <li>Responding to questions from Suppliers via the Q&amp;A section of the PCS.</li> <li>Receive responses.</li> <li>Evaluate (score) bids against quality/price criteria defined.</li> <li>Award contract.</li> <li>Feedback to unsuccessful Suppliers.</li> </ul>	<ul style="list-style-type: none"> <li>Read and understand the specification and terms and conditions of the contract.</li> <li>Attend any briefings.</li> <li>Ask sensible questions via the Q&amp;A facility in PCS (don't ask about things that are clearly stated in the specification or other documents).</li> <li>Identify long lead time items for your tender on day one of the ITT not the week or day before the deadline.</li> <li>Write your bid.</li> <li>Submit your bid in the required format by the due date and time.</li> </ul>
After	<p>Award Stage:</p> <ul style="list-style-type: none"> <li>Advise successful candidate.</li> <li>Advise unsuccessful candidates.</li> <li>Provide feedback (this is only an obligation if the contract value exceeds the OJEU financial thresholds).</li> <li>Observe standstill period (OJEU requirement only as above).</li> <li>Award contract as specified and published.</li> </ul>	<ul style="list-style-type: none"> <li>Whether you are successful or unsuccessful ask for feedback.</li> <li>Prepare for any feedback meetings.</li> <li>Ask for strengths and weaknesses of your bid and scores for each section if not already provided.</li> <li>Consider your last bid as the starting point, plus improvements, for your next bid.</li> </ul>

**Table 3: Tender process for Buyers and Suppliers**



You can see from the table there are a lot of things to do when you are writing your bid. On that basis you need to be organised and use your time efficiently if you are going to produce a successful bid.

## 6. Finding opportunities

Finding public sector tendering opportunities has never been easier. The procurement transformation in the public sector means that contracts are advertised via Public Contracts Scotland (PCS). The PCS online portal is the default tender portal for contracts advertised by Scottish public bodies.

### Public Contracts Scotland

PCS is one of the most user-friendly portals available and with internet access you can be up and running in 10 minutes. This will then give you access to all public contracts in Scotland. However, some initial effort is required. Regardless of how familiar you are with PCS you should still check that you have completed the following steps.

#	Task	Description	Completed
1	PCS registration	<p>Registration is simple and straight-forward. Navigate via your browser to <a href="http://www.publiccontractsscotland.gov.uk">www.publiccontractsscotland.gov.uk</a> and complete the steps and provide the information requested. You will have to provide a user name and password and validate your account.</p> <p>Once registered you can navigate through PCS from the Supplier control panel to all parts of the site. It is easy to use and navigate from browsing notices to searching for Buyers which are all menu driven.</p>	
2	Alert Profile	<p>Once registered you should set up your Alert Profile. The system will send you alerts for types of contracts that you are interested in. To indicate what type of contracts you are interested in you need to set preferences in the system. These preferences are by:</p> <ul style="list-style-type: none"> <li>• Contract type</li> <li>• Geography</li> </ul> <p>Types of contract are organised by product categories. You can refine alerts by selecting product types based on the supplies, services or works you wish to tender for. The second decision is about geography or where you would like to work. Again this is menu driven by selecting geographical areas from a list. Do not be too selective. If your selections are too narrow then you might miss some opportunities, however, over a period of time you can refine your selections to receive more</p>	

		<p>appropriate Contract Notices.</p> <p>Once your Alert Profile is set up PCS will send you a regular email to alert you to suitable contracts that you might choose to tender for.</p>	
3	Quick Quotes	<p>You can access Quick Quotes (QQ) opportunities by providing some additional information. From the Supplier control panel navigate to the Supplier finder profile. You will then be able to create a QQ profile with a description of your business, your company logo and most importantly key words describing the supplies, services or works you wish to sell. If and when a Buyer has a low value contract they can use QQ to invite a limited number of Suppliers to provide a quote (quickly) to deliver a contract. The QQ system is popular with Buyers and Suppliers and provides a compliant and proportionate approach to the value of the contract being offered.</p>	
4	PCS-Tender	<p>PCS-Tender is a tendering module that works alongside PCS.</p> <p>As you become more confident you will see in the Contract Notice that the Buyer is using PCS-Tender to run the tender process. PCS-Tender is a tendering platform which means you will have to add or upload your information directly in a prescribed format. This can be daunting the first time you look at this but there are many advantages including the ability to upload standard documentation to your profile.</p> <p>You can link your PCS-Tender profile to PCS and then access it from the Supplier control panel. This means you have one log in and access to both systems from the Supplier control panel. PCS-Tender registration requires an 'extended profile' but once this is set up it can be used every time for different tenders. If and when things change you must remember to update your profile e.g. annual accounts and annual renewals for insurance or policy documents.</p>	

**Table 4: Key steps for using PCS**

There is no cost to register and use PCS, unlike some commercial portals. However, these portals may also prove useful to you as you become a more experienced bidder.

## Energy efficiency and renewables contracts

Energy efficiency contracts are typically found under the following Product Categories (and sub-categories) in PCS:

- Facilities and management services > energy efficiency
- Consultancy > efficiency consultancy

You should select both of these as part of your Alert Profile. Once you have set up your profile PCS will then send energy efficiency related Contract Notices to your email account. However, it is worth bearing in mind that the Buyer has discretion about what Product Categories they use so you should ensure that you include as many relevant Product Categories in your Alert Profile as possible during the initial set up. Buyers may also publish the Contract Notice under 'special projects' when there is a specific large scale contract requirement.

You should revise your Alert Profile from time to time to ensure you are alerted about all suitable opportunities irrespective of how they are published.

There are other national portals across the UK for more experienced or ambitious Suppliers. Further details are contained in the 'useful websites' section.





## 7. Bid strategy

If we can bid smarter it means we can bid better for more contracts. A good success rate would be winning three out of ten bids.

As a Supplier there may be a temptation to bid for every tender opportunity you see. This will demand a lot of time and effort and may bring with it huge disappointment if you are unsuccessful with these bids. In light of this you should consider developing a bidding strategy which will ensure your resources are put to best use. In addition, you should also consider different tactics for each individual bid.

### Do your homework

A good bid strategy includes doing your homework. Where possible, you should take time to research the opportunities in advance, for example a forthcoming framework opportunity. Of course not all opportunities may be worth pursuing and as a Supplier you should consider whether you have capacity to tender (this is discussed in chapter 8), the time and resources to completing the tender documentation and any other factors that will affect the decision to bid or not.

### Quality and price

Suppliers must try to integrate public tenders into their business development process and vary their tactics between bids. The key to this is understanding value for money. Value for money (VfM) in public tenders is the balance between quality and price. This is published in the Contract Notice and defines the objective criteria and how the tender will be scored.

The better the quality of the bid the higher the quality score. The lower the price then the higher the price score with the lowest price scoring the highest points. Other prices received are compared against that. The system is a pro rata or ratio system e.g. double the price would score half the points available versus the lowest price.

The Buyer has discretion to allocate the weighting between quality and price. For products and services where there is plentiful supply (and low risk) the weighting may be more towards price. If the service is more specialised then the weighting may be lower on price and higher on quality. This is significant in terms of how you might choose to bid, particularly on price. A high price weighting does not mean quality is not important but does indicate that price is a key determining factor in the outcome of the tender.

To illustrate this point consider the following scenarios based on an example of your price being double the lowest price received. The lowest price receives the maximum points available for the price score. All other prices are compared and scored relative to the lowest price.

#	VfM	Quality / price ratios	Lowest price score	Your price score	Deficit from price
1	Quality	80			-10
	Price	20	20	10	
2	Quality	70			-15
	Price	30	30	15	
3	Quality	60			-20
	Price	40	40	20	

**Table 5: Implications of price on scoring**

Looking at the different scenarios and splits then at 80/20 if you are double the price then that means you are 10 points behind the lowest price bid. You would need to make this up by scoring 10 more points in the quality evaluation, worth 80 points, versus the lowest price bid to have a higher overall score. This assumes the lowest price bid is the overall winning bid. Very low priced bids can be discounted for being abnormally low.

When the weighting is 70/30 then the deficit is 15 points in 70. When the weighting is 60/40 the deficit is 20 points. It is highly unlikely you would be able to make up a 15 or 20 point deficit. Of course the double the lowest price example may be an unlikely example but you can see the impact of a low price bid in relation to your own. If the lowest price is a genuine bid we perhaps do not want to bid at that low level but you need to be much closer than double the price. The other key issue is that you do not know how other Suppliers will price the contract so up until tender submission you may be anticipating or speculating what others might do.

Suppliers should consider their tactics. This might mean reviewing your business forecast and pipeline e.g. if there is a gap or if you need to win some business you might bid lower than normal on price. Conversely you might be very busy and see an opportunity for you to bid. On this basis you might bid higher on price on the basis that you could be more opportunistic in these circumstances.

The quality/price combination that defines value for money means that we do not need to have the lowest price to win if our quality score is high enough. Conversely when the quality weighting is higher you could perhaps bid higher on price if you were confident about your quality score (you could establish this from the feedback received from previous tenders).

Often Suppliers tend not to spend enough time thinking about their tactics. Consequently the decision about price is sometimes left to the last minute. This should however feature much earlier in your thought process for developing your bid and be linked into your business plan and strategy to help you sustain or grow and develop your business further.

## 8. Prequalification

Prequalification is an evaluation of your capability and capacity to deliver the proposed contract. The prequalification stage is designed to identify Suppliers who are the best fit for the contract and will be invited to tender. The Pre-Qualification Questionnaire (PQQ) is a scoring system: the higher you score then the more Invite to Tenders (ITTs) you will prequalify for. There are essentially four aspects that are being considered.

#	Category	Description
1	Mandatory	This assesses whether each Supplier complies with local laws, EU law, solvency, litigation, conflicts of interest and other mandatory requirements consistent with the jurisdiction of contract. Failure to meet any defined mandatory requirements will mean automatic disqualification.
2	Minimum Expectations	This includes policies for quality, health and safety, environmental, equality and diversity and business continuity and disaster recovery. This can also typically be for certain kinds of expertise relevant to a particular contract e.g. PAS2030 certification for energy efficiency installations or a commitment to achieve it within a certain period could be required. It is expected that you will have these policies in place. A company who has them in place will perform better than one that does not (if they are allowed to progress at all).
3	Capability	Capability is tested in terms of the range of specific capabilities required to deliver the contract. These can be wide ranging but it is important that they are specific and relate to the contract.
4	Capacity	Capacity is tested as a function of the 'amount' of appropriate experience that the Supplier has in relation to the contract specific requirements.

**Table 6: PQQ categories for consideration**

Completing a PQQ is often seen by Suppliers as a bureaucratic exercise. It is however an important process that will determine if you are invited to tender. The Restricted Procedure 'restricts' the number of Suppliers who are prequalified and invited to tender to a specified minimum number where acceptable and qualifying bids have been received.

The questions in a PQQ are matter of fact. However, how do you capture the 'essence' of your business and translate that into the PQQ responses? The questionnaire will not necessarily or specifically ask you about your capability and capacity but that is what you have to demonstrate and what is being scored.

## Why are policies important?

Policies are important because public bodies expect you to behave and do things in a certain way. This includes high standards (quality), safety, being environmentally friendly and how you propose to manage continuity of supply. These are reasonable expectations to have of a business that is being awarded a public contract.

You do not necessarily need to have independently accredited systems but if you do not then you will be asked to explain how your organisation manages areas such as health and safety, environmental sustainability and quality and you will be expected to provide supporting evidence for each of these. The table below summarises these considerations.

#	Policy	Accreditation	If not, explain	Evidence
1	Quality	ISO 9001	How do you manage and control quality in your business and in the service you deliver?	Surveys, customer satisfaction, service levels all provide the Buyer with some reassurance that you have a process to manage the quality of the service you provide.
2	Health and safety	OHSAS 18000	How do you ensure the health and safety of your employees and others affected by your activities?	Health and safety performance statistics for your business.
3	Environmental	ISO 14001	What environmental procedures do you have in place?	What environmental benefits can you provide evidence for – can it be quantified?
4	Equality and diversity		That you do not discriminate against anyone for any reason and this is reflected in your recruitment and employment practices.	Procedures and statistics to support your approach.
5	Business continuity and disaster recovery		What are the disruptions that might affect the delivery of your service and what control measures are in place?	Are systems tested regularly and how resilient is your business?



**Table 7: Policies and accreditations**

Policies can be seen as tools to improve your business so it is important to demonstrate that to the Buyer. If you have an independent accreditation it is usually sufficient to provide a copy. If you do not have accreditation you should be prepared to explain what your policy is and provide evidence to support that as it is much better to do this than not providing an answer. Your policies should all be up-to-date and signed by the appropriate manager or director within your business.

**Capability**

Understanding your capabilities is a key part of prequalifying and building your bid. Some Suppliers may have a very narrow understanding of their capabilities or are unable to express this in a way that communicates to the Buyer what they can do. Do you know what your capabilities are? Use the following table to define the capabilities your business has. There is also a larger template for this exercise in appendix 1.



#	Capability
1	
2	
3	
4	
5	

**Table 8: Capability exercise 1**

Is this easy to do? Did you focus on what you do – or the main tasks in delivering your service? Suppliers often focus on the delivery aspect of their service e.g. installation; in one sense that is correct and vital but it is only one part of the process. What are the other bits that they do not see or are not visible? For instance, installers do not just turn up and install.

Consider what else you have to do before you install or delivery of your service. Try and complete the following table and think about what you do before and after installation.



#	Capability
1	
2	
3	
4	Delivery (e.g. install)
5	

**Table 9: Capability exercise 2**

Your capabilities might include designing, plan/prepare, supply, right up to installation and afterwards the testing and commissioning or evaluation of the service provided. These are just some examples based on an installer. Assessors and consultant capabilities will of course differ. Don't forget to include your know-how and experience and wider capabilities and above all do not undersell yourself.

The more clearly you can articulate your capabilities the better your bid will be.

## Capacity

The next PQQ test is your capacity. What is the capacity of your business? The first reaction might be to define this as follows:

- Turnover
- Number of employees

These are capacity indicators but you should also consider other ways of measuring capacity. For example you may be asked about your existing business and contracts and be asked:

- Who is your biggest contract with?
- To list your top five or 10 contracts or clients from largest to smallest.

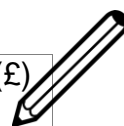
These are measures of capacity but if we spend some time analysing this further we can perhaps define our capacity better and explain this in our PQQ.

A business with a £1 million turnover has sufficient capacity to absorb a contract of £100K so a Buyer would be quite comfortable that the Supplier had enough capacity to deliver that contract and that it would be low risk. If we now think about the same business but bidding for a £5 million contract then this is reversed and we would perhaps be more concerned – higher risk – about the ability of that business to absorb the contract.

Try and complete the following table and combine what you did when you delivered contracts in the past and how much of each capability was required to deliver each part of the contract i.e. split the value of the contract across each of the capabilities that were required to deliver the service. Start with the value of the contract and then split the value into percentage parts for each capability e.g. perhaps 10% of the value related to an initial design or survey activity you undertook. This table assumes you have five capabilities and have five previous contracts to analyse. When you complete this you will now have a clearer picture of what you have delivered in previous contracts.

There is also a larger template for this exercise in appendix 1.

#	Capability	Contract (£)					Totals (£)
		1	2	3	4	5	
1	Capability 1						
2	Capability 2						
3	Capability 3						
4	Deliver						
5	Capability 5						
	Totals £						



**Table 10: Capacity and capability exercise**

The PQQ questionnaire will not necessarily look like this but if you do this analysis you will complete better and more informed answers to the questions posed. Any PQQ will ask you to evidence your capability and capacity (most likely) for the last three years or some defined period. If you complete the same exercise for each of the last three years you will be able to describe the contracts and projects you have delivered better when you complete the PQQ.

To recap, the PQQ is designed to assess that you are a suitable business to be awarded a public contract. That means you are solvent, trading legally and have paid all your taxes and have sufficient capability and capacity to deliver the contract.

## The European Single Procurement Document (ESPD)

The Public Contracts (Scotland) Regulations 2015 introduce the European Single Procurement Document (ESPD) from April 2016 onwards for above the financial threshold contracts and will become fully electronic by 2018. Suppliers will self-declare that they can meet any standard selection and exclusion criteria and can use this in competitions across Europe, building on the progress made in Scotland through the development of the standard PQQ. The information declared in the ESPD may be requested at any time during the tender process by the buyer and must be provided before a contract is awarded.



Some specific criteria may include the minimum level of annual turnover which a Buyer may require a Supplier to have in order to bid, which will now be limited to no more than two times the value of the contract (apart from exceptional circumstances that may help smaller Suppliers bid for public work).

There are also new grounds for exclusion which deals with breaches of social, environmental and employment law obligations. Therefore if a Buyer can demonstrate by any appropriate means that a Supplier has breached one of these obligations, it may, at its discretion, choose to exclude that Supplier from bidding for contracts.

## 9. Responding to the ITT - writing your bid

Often Suppliers start writing too early. They reassure themselves that as long as they are busy that they must be writing a good bid. Don't start writing just yet!

### Structure and content

Instead of writing a long document, which is a difficult thing to do, an alternative approach is to create the structure for your bid first. The structure may be defined for you if you have to complete pro-forma documents or complete online. However, it is important to start with the structure as opposed to creating a lot of content for your bid and only then trying to structure that into a coherent and easy to understand response. This latter approach is the most time consuming and you can spend more time editing than creating a good response in the first place.

**Top tip** – as a rough rule of thumb the more you write the less clear the response. Remember someone has to read this, understand it and score it. Most writers know what they have written and what it was supposed to mean. This is not always true when someone else reads it. They might understand it quite differently or maybe not at all! If the evaluator cannot understand what you have written it will not score well.

Take a deep breath, collect your thoughts and review the ITT documents.

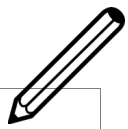
Your first challenge is to understand what you are trying to sell to the Buyer through a tender process. All the sales skills and techniques that you have developed face to face with customers over the years do not count in this process. How do you sell something to a Buyer who you cannot speak directly to? Some unsuccessful Suppliers are unable to articulate what it is they are trying to sell and/or explain in succinct terms how they are going to deliver the contract. It is therefore important that these issues are addressed.

### Value proposition

Your **value proposition** is an important concept in challenging yourself to write a better bid. So what is your value proposition?

This is not an easy question to answer. Responses often highlight features and benefits or describe high quality products or accreditations like ISO certifications or low cost solutions. What is your value proposition? Have a go using the table below.





What is your value proposition?

Do not confuse your value proposition with **what** you will do or deliver (the task) and **how** you propose to deliver the contract (the method) which are both very important in themselves. You need to define your value proposition in terms of what it means to the Buyer and perhaps more importantly for end users or customers. The Buyer could be a local authority for an energy efficiency contract and the customer could be tenants and householders. Both have different expectations and consider value in different terms. Look at the following example.

What do you do?	How do you do it?	Benefits	Value proposition
Install roof insulation (or other energy efficiency measures)	<ul style="list-style-type: none"> <li>• Safely</li> <li>• Cost effectively</li> <li>• Minimum disruption</li> <li>• Use the specified material</li> <li>• Turn up when we said we would</li> <li>• Install</li> <li>• Clear up site</li> <li>• Sign off</li> </ul>	<b>Buyer:</b> <ul style="list-style-type: none"> <li>• No accidents</li> <li>• Compliance</li> <li>• Carbon reduction</li> <li>• Reputation</li> </ul>	Help your Buyer deliver Scottish Government targets and enhance their reputation.
		<b>Customer:</b> <ul style="list-style-type: none"> <li>• Service</li> <li>• No mess</li> <li>• Warmer house</li> <li>• Lower energy bills</li> </ul>	Improved quality of life.

*Table 11: Example of value proposition, what you do and how you do it.*

If you are a roof insulation installer and think you only install or fit insulation then that is probably how you will write your bid. If you believe your business is about improving people’s quality of life you might think a bit differently about your next tender (and maybe how you run your business).

Here is a blank table for you to try again. There is also a larger template for this exercise in appendix 1.

**Tip** - work the table from top to bottom otherwise you will never get past the what you do section!



	Buyer	Customer
Value proposition		
Benefits		
How do we do it?		
What do we do?		

*Table 12: Value proposition, what you do and how you do it exercise.*

This exercise is not easy but if you persist you will create a much better starting point to consider the structure and content of your bid.

The most important thing to do is to consider value from the Buyer’s and customer’s perspective. The contract is about what you can do for them not what the contract can do for you and your business.

## Contract specific requirements

The ITT package will include the specification and terms and conditions. The specification defines or tells you what you will be expected to deliver in what time period and to what service level or quality. What are you being asked to do? Every contract has specific requirements so we need to distil them from the specification.

What are the key specific things you are being asked to do? This is a really important point and will play a major part in the assessment of the quality section of your tender.

A specific requirement is an activity that you will need to undertake, manage or subcontract as part of delivering the contract. Specific requirements for energy efficiency contracts could include activities or elements of design, survey, assessments, procurement and supply management, installation and maintenance. You might be expected to do some or all of these as part of meeting the specified requirement.

## Review the specification

When you read the specification try and break it down into high level requirements using this table. There is also a larger template for this exercise in appendix 1.

#	What are the specific requirements of the contract?	What will you do?
1		
2		
3		
4		
5		



**Table 13: Reviewing the specification exercise.**


The table has space for five specific requirements plus some more. It might not always be five but if you end up with more than five you might be over-complicating what is required.

Once you have a clear picture of the specific requirements you can then work out **what** you will do.

**TOP TIP:** Complete this table and spend some time understanding what the specific requirements of the contract are. This exercise may sound pedantic but will save you hours of writing and explaining things properly and succinctly in your tender. You have also just defined the core of your bid and ensured your bid meets the specified requirement and is fit for purpose.

Now you have established what you will do to deliver the specific requirements. Your next challenge is to explain **how** you are going to deliver the requirements. The ‘how to’ is essentially your methodology. Every specification and ITT is asking you to explain your methodology or how you will deliver the contract?

We can use the ‘what’ we are going to do from the previous table and now think about ‘how’ we will deliver the contract.



#	What will you do?	How will you deliver this?
1		
2		
3		
4		
5		

**Table 14: What you will do and how you will deliver it exercise.**

You can use this table (or use the template in appendix 1) and work through on a step by step basis what and how you will deliver things. This will create a very structured and logical answer in terms of your approach. There is no need to write long answers. Using a tabular approach will generate an answer that is well structured, easy to read, understand and score. This is also more productive than writing long answers and then spending more time editing or trying to fit what you wrote to the question you have been asked.

## Who are you selling to?

So far this guide has discussed the Buyer as the person we are selling to, however we need to consider that there is a specifier (someone who has specified the requirement) and an end user (who the service will be delivered to) who can often be ignored.

All of these stakeholders have a view or have different things that are of interest to them. The Buyer is interested in running a compliant business and generating sufficient interest and a competition (tender) that can deliver value for money. The specifier is interested in the technical aspects or accuracy of your bid in terms of meeting the specified requirements. The end user has a different perspective again in that they are interested in the quality of the service they will receive. These are all equally important.

It is important in your response that you consider each different point of view. There is the concept of the customer journey- in this context the customer's end user – but if you wrote your bid and focused on the experience of the customer, what does it look like and feel like from their perspective? That would be completely different from a bid that is written from a Supplier's perspective.

Consider all your answers from an end user's perspective, the Buyer's perspective and then from your (the Supplier's) perspective. Your answers will look different and better.

Your tender will only ever be as good as your methodology. We highly recommend that you develop your methodology first as every other aspect of your tender should be designed to support that.

People are always looking for advice on what a good answer looks like. This does depend on the questions of course, however, it is not so difficult to define what a good answer should include. It may be more difficult to write but it should include the following with an emphasis on the how.

- What, how, when, who, risks and evidence.

If the evaluation panel can read and understand your answer then they can score it. The clearer you make each answer, including the above points wherever possible, the better that answer will perform. If you can also provide evidence through case studies or include some examples from other projects that illustrate a key point you are trying to make then that will produce a more authentic bid than a text book or academic answer.

## Components of a good bid



The component parts of a good answer and bid are explained further as follows:

#	Item	Description
1	What	This provides a clear description of the task being undertaken to meet the specific requirements of the contract.
2	How	A clear description of how (method) you will organise the tasks and ensure they are all delivered fully and properly. Remember the end-users journey from when you first engage or contact them up until the job is signed off.
3	When	Once you have defined the what and how you need to make sure it all joins up. The timing is important because you need to define what tasks need to be completed before others can begin. This could be presented as a project plan with a critical path which might be easier to explain your logic and the sequence of events rather than long written answers.
4	Who	The next step is to explain who will be responsible and accountable to deliver the contract and how they will interface with the Buyer. Short and clear specific profiles with a clearly defined role are better than long CV type answers that are not relevant or specific to the requirement.
5	Risk	The question for the Buyer is, not if, but when things go wrong do you know how to manage any problems? A confident Supplier includes risks and has clear mitigations defined – not just a list of potential risks. Consider this also as part of your methodology. This reflects your expertise and understanding of the risks and being able to manage them reflects your experience.
6	Evidence	Evidence can be included in your answer or by providing case studies. A piece of evidence might include quantifying the number of clients and not 'we have lots of clients' or 'we have high quality' which if that is the case you will be able to measure that and report it or 'we have good delivery' and if so what service level performance or delivery performance have you provided?  The more specific and relevant the case study the better the score will be. Write short case studies avoiding long descriptions and focus on the 'lessons learned' and 'benefits'.

**Table 15: Components of a good bid.**

## Using graphics to illustrate key points

The clearer the message and the better explained your answer is then the better the evaluation team will understand your bid. One way to do this is to replace long narrative answers and paragraphs with tables and lists.

If you cannot avoid a written answer we suggest you use bullet points or a numbered list to break the answer down into easy to read parts. If you are presenting data consider using a graph if possible.

Remember someone has to read your bid. If it is difficult to read and understand it will probably not score as well as other bids so you may want to include a project plan (Gantt chart) that shows activities (tasks or events) displayed against time instead of what would usually be an otherwise long and complicated written answer describing the timeline.

Make sure that all sections are properly indexed and always use page numbers to help readers navigate their way through your bid.

## Checking your tender

Things to avoid:

- Do not ignore the specification and think you can outsmart the Buyer.
- Do not make assumptions about what the Buyer knows about your business or the products or services you are providing.
- Do not try to sell something you want as opposed to what has been specified.
- Do not under-scope your product or service and hope that you can sort it out once you have won the tender.

Make sure:

- You start early and identify long lead time parts or information required for your bid.
- Your bid is compliant – it meets the specified requirements of the Buyer.
- Your bid meets the specific requirements of the specification (no more and no less).
- You thoroughly answer all the questions asked.
- All sections are completed.
- Check, check and check again! Also get someone else to check your final document; they may see things you've missed.

## 10. What to do if you are unsuccessful?

The award of an OJEU contract is subject to a ten day standstill period. The award letter is actually only an intention to award a contract subject to the standstill. Once the standstill has been completed and no challenges have been received then the Buyer can award the contract.

If you are unsuccessful then you can get feedback about the performance of your tender. This is a requirement for high value (OJEU) contracts and in addition to the standard information telling you who won the contract, the winning score and your score.

It is really important to get feedback so you can do better next time; be prepared for any meeting you might have. When considering feedback you should:

- Read your bid again.
- Try to reconcile the feedback – what can you tell from the quality score and comments you receive from the feedback?
- Ask for your score breakdown into each section of the bid.
- Ask for the highest and lowest score for each section and where you were ranked overall.
- Ask for strengths and weaknesses.
- Be polite and think about the future opportunities with this potential Buyer – get a colleague not involved in writing the tender who might be more impartial to discuss the feedback with the client.



Another benefit of public procurement is that Suppliers can challenge the outcome of the tender process if things go wrong. Suppliers can challenge the outcome of a tender process if they believe they have been:

- Treated unfairly.
- Discriminated against.

You can challenge the outcome of a tender process if either of these things occur. This is not a decision that you would take lightly but it is a safety valve at the end of the process to test that fairness, equality and objectivity have been applied during the tender process and to the evaluation of each tender.

If you have any reservations about a tender process you are involved with then the Scottish Government has a confidential single point of enquiry to discuss any issues or concerns you may have. The Single Point of Enquiry details can be found on the Scottish Government website, see useful websites section at the end.



# 11. Energy efficiency and microgeneration: government policies and opportunities

Energy efficiency and microgeneration activity in Scotland are driven by both Scottish and UK government policies. Whilst their priorities and targets may differ they typically seek to address a number of issues including climate change, security of supply and fuel poverty whilst at the same time encouraging economic development in the low carbon and renewables sector.

## Scottish Government policy

Improving the energy efficiency of Scotland’s existing buildings is a fundamental part of meeting Scotland’s statutory targets to reduce emissions of greenhouse gases in Scotland by 80 per cent by 2050 (relative to 1990) and by 42 per cent by 2020. Another target is to eradicate fuel poverty in Scotland as far as reasonably practicable by November 2016. Furthermore, in June 2015 the Scottish Government announced that improving the energy efficiency of Scotland’s homes and non-domestic building stock will be designated a national infrastructure priority.



The Scottish Government has also set ambitious targets for renewable energy. The Scottish Government’s Renewable Routemap sets a target for the equivalent of 100 per cent of electricity demand to be met by renewables by 2020, together with a target for 11 per cent of non-electrical heat demand in Scotland to come from renewable sources by 2020, Microgeneration is seen by the Scottish Government as an important part of the strategy to deliver these targets.

In order to meet these targets the Scottish Government has introduced a series of market support programmes, standards and targets, some of which are designed to work with UK support schemes (e.g. ECO). In the context of public sector procurement the most significant ones are as follows.

## Home Energy Efficiency Programmes for Scotland (HEEPS) – Scottish Government

The Home Energy Efficiency Programmes for Scotland schemes provide practical, long-term support to households that may struggle to meet the cost of rising fuel bills and have difficulty keeping their home warm.

The programmes include:

- Warmer Homes Scotland, managed by Warmworks.
- Local authority-led area based schemes in qualifying areas (HEEPS:ABS).
- HEEPS: loans (interest free - paid directly to householders).

Across the range of programmes, the aim is to offer energy efficiency improvements to private households (owned or privately rented) with a wide range of energy saving measures available, including efficient heating, insulation and renewable technologies. Programmes look to provide a bespoke package of measures that suit the individual needs of specific properties, with the aim of lowering energy bills and making homes warmer.

## **Standards and regulations for the domestic sector**

The Scottish Government introduced the Scottish Housing Quality Standard (SHQS) in 2004 and social landlords were required to achieve it by April 2015. In March 2014 the Scottish Government published a new standard for social housing – the Energy Efficiency Standard for Social Housing (EESH) – which supersedes the minimum efficiency rating element of the SHQS. The new standard is based on minimum Energy Performance Certificate (EPC) ratings and will mean that by 2020, in the main, no social property will be lower than a ‘C’ or ‘D’ energy efficiency rating.

The Scottish Government is also looking at setting minimum energy efficiency standards for private sector homes with a consultation on the draft regulations expected sometime after May 2016.

## **Regulations for the non-domestic sector**

Section 63 of the Climate Change (Scotland) Act 2009 requires regulations to be made for the assessment of the energy performance and greenhouse gas emissions of existing non-domestic buildings and for building owners to take steps to improve the energy performance and reduce emissions from such buildings. In general these regulations will not apply to buildings less than 1,000m<sup>2</sup> in floor area though there are other exceptions. The owner of an affected building after obtaining an EPC (on sale or rental), must undertake a further assessment to identify a target for improvement of the carbon and energy performance of the building and then identify, in an ‘action plan’, how this target would be met through physical improvements to the property. The regulations requiring the assessment and improvement of existing non-domestic buildings will shortly be laid in Parliament, with proposed implementation in summer 2016.

## Other forms of support for householders and businesses

Householders and businesses can apply for some funding directly in the form of interest free loans. Whilst not directly relevant to public procurement opportunities they may still feature in the Buyer's overall offering to householders. For example local authorities may want to promote these to householders who are not eligible for the area based schemes. In addition to the HEEPS: loans there is also the Home Energy Scotland renewables loans for householders and Resource Efficient Scotland SME loans for businesses. Please note that the SME loans are interest bearing if income is derived from installing a renewable technology.

### Resource Efficient Scotland

Resource Efficient Scotland is a Scottish Government funded programme, delivered by Zero Waste Scotland. It provides free, expert advice to help businesses, save money and carbon by using energy, water and material resources more efficiently. Resource Efficient Scotland can also help develop your business's green credentials by helping with your environmental and sustainability policies. [www.resourceefficientscotland.com](http://www.resourceefficientscotland.com)

## UK Government policy

The UK Climate Change Act was passed in 2008. It sets a legally binding target for the UK to reduce greenhouse emissions by at least 80% in 2050 from 1990 levels. This target includes greenhouse gas emission from the devolved administrations (Scotland, Wales and Northern Ireland).

The UK Government has a target to deliver 15 per cent of the UK's energy consumption from renewable sources by 2020 and is 'committed to delivering a significant contribution to the 2020 target from renewable heat'. This target was introduced in the 2009 EU Renewable Energy Directive.

In order to meet these targets the UK Government has introduced a series of programmes and incentives (including FITs, the RHI and ECO), which are discussed below.

### Energy Company Obligation (ECO) – UK Government

The ECO is an obligation on eleven of the biggest energy suppliers to support the installation of energy efficiency measures by domestic energy users. It replaced two previous schemes (CERT and CESP).

The obligation is split into three types of target:

- Carbon Emissions Reduction Obligation (CERO); providing insulation and district heating connections and available to all households.

- Home Heating Cost Reduction Obligation (HHCRO); focusing on helping low income and vulnerable owner occupiers and private sector tenants heat their homes.
- Carbon Saving Communities Obligation (CSCO); focusing on the delivery of insulation measures and connection to district heating in some of the UK's most deprived areas.

ECO in its current form is expected to run up until March 2017 after which it will be replaced with a new scheme that will run for five years with an annual budget expected to be around £640m.

### **Renewable Heat Incentive (RHI)**

The Renewable Heat Incentive (RHI) is a UK Government scheme set up to encourage uptake of renewable heat technologies among householders, communities and businesses through the provision of financial incentives. The future of this scheme was confirmed during the 2015 autumn spending review.

### **Feed-in Tariff (FIT)**

The Feed-in Tariff is a UK Government scheme that enables householders, communities and businesses to generate income by producing renewable electricity. Eligible technologies include solar PV, wind turbines, hydro and micro-combined heat and power (micro-CHP) systems. Payments are based on tariffs which are dependent on the technology type and size along with eligibility date. After a government consultation in 2015, it should be noted that all new installations applying for FITs from 15 January 2016 will be subject to a new FITs scheme.

### **Energy Saving Opportunity Scheme (ESOS)**

The Energy Saving Opportunity Scheme (ESOS) is a new UK regulation to comply with the European Energy Efficiency Directive. It requires all large undertakings in the UK to do energy efficiency (ESOS) audits by 5 December 2015 and thereafter at least once every four years. Businesses need to comply with the ESOS if they employ over 250 employees or have a turnover of £39m and £34m balance sheet total.

### **Buyers and schemes**

In the context of public sector procurement, the key Buyers for energy efficiency and renewables are local authorities and registered social landlords. There is also a third group – managing agents - who may act on behalf of the Buyers. This may include the Scottish Government. The diagram below summarises this relationship.

<b>Buyers</b>			
Scheme	Local authority	Registered social landlords	Managing agent*
HEEPS:ABS	X		X
Warmer Homes Scotland			X
ECO*	X	X	X
Capital programmes (e.g. through EESSH)	X	X	X
<b>Suppliers</b>			
Installers	Opportunities through Public Tenders via Public Contracts Scotland		
Assessors			
Consultants			

\*Energy companies have a significant role to play both in terms of providing ECO funding and, in some cases, acting as a managing agent. For example an energy company may be the managing agent for a local authority in relation to HEEPS: ABS work.

**Table 16: Relationship between schemes, buyers and suppliers**

This table should help you understand the relationship between the Buyers and the schemes/standards to be met which may not be apparent when looking at Contract Notices on PCS.

## **Next steps**

We hope that you have found this guide useful and that you have completed the exercises. Remember, you can always recreate the tables in the guide for future use. We also recommend you watch the accompanying videos to support this guide. Each video has a specific focus e.g. ITT so you can pick and choose which video you watch depending on what stage you are at in the procurement process.

As mentioned at the start of this guide, the Supplier Development Programme has lots of useful information available on their web site and they also run free workshops for SMEs so why not get involved?

You should also check out the Sustainable Energy Supply Chain programme for information on workshops, events, news and updates on all matters relating to energy efficiency and renewables for the supply chain in Scotland.

All of the links for the above can be found in the useful website links section of this guide.

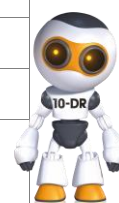
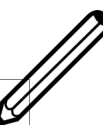
Good luck with all your bidding!

## 12. Checklist

Use this checklist to identify what you have already done and what you still need to do for specific procurement process.

#	Item	Description	Check?
1	Finding opportunities	PCS registration	
		Alert Profile set up	
		Supplier Profile completed and set to Public	
		Quick Quotes registration	
		PCS-Tender activated and linked to PCS	
2	Bid strategy	Is this a contract you are currently delivering?	
		How important is this contract to your business?	
		What is your approach to quality – meeting the specification?	
		How will you price this tender – low, fair or higher price?	
3	PQQ	Quality policy	
		Health and safety policy	
		Environmental policy	
		Equality and diversity policy	
		Business continuity and disaster recovery	
		Accounts	
		Insurance certificates	
		Capability Capacity	
4	ITT	Value proposition	
		Contract specific requirements	
		Methodology	
		Project plan	
		Profiles for team	
		Risk assessment	
		Case studies	
5	Award	Feedback from unsuccessful bids	
		Consolidate feedback from different bids	
		Identify lessons learned and apply these to future bids	
		Vary bid tactics for next and future bids	

Table 17: Checklist



## 13. Useful websites

### Procurement portals

Portal	URL
Public Contracts Scotland (also contains information on the 'forward plan')	<a href="http://www.publiccontractsscotland.gov.uk">www.publiccontractsscotland.gov.uk</a>
Contracts Finder (England)	<a href="http://www.gov.uk/contracts-finder">www.gov.uk/contracts-finder</a>
Sell2Wales	<a href="http://www.sell2wales.gov.uk">www.sell2wales.gov.uk</a>
eSourcing Northern Ireland	<a href="http://www.e-sourcingni.bravosolution.co.uk/web/login.shtml">www.e-sourcingni.bravosolution.co.uk/web/login.shtml</a>
Office of Government Procurement (Ireland)	<a href="http://www.procurement.ie">www.procurement.ie</a>

### Scottish and local government links

Organisation/link	URL
Standard forms and documentation (inc. PQQ)	<a href="http://www.gov.scot/Topics/Government/Procurement/buyer-information/standardformsanddocs">www.gov.scot/Topics/Government/Procurement/buyer-information/standardformsanddocs</a>
Single point of enquiry	<a href="http://www.gov.scot/Topics/Government/Procurement/Selling/supplier-enquiries">www.gov.scot/Topics/Government/Procurement/Selling/supplier-enquiries</a>
Scotland Excel	<a href="http://www.scotland-excel.org.uk">www.scotland-excel.org.uk</a>

### Resources and information

Organisation/link	URL
Video modules to help support this guide	<a href="http://www.energysavingtrust.org.uk/procurement-guide">www.energysavingtrust.org.uk/procurement-guide</a>
EST Sustainable Energy Supply Chain Programme	<a href="http://www.energysavingtrust.org.uk/sustainable-energy-supply-chain">www.energysavingtrust.org.uk/sustainable-energy-supply-chain</a>
HEEPS: loan scheme	<a href="http://www.energysavingtrust.org.uk/heeps-loan-scheme">www.energysavingtrust.org.uk/heeps-loan-scheme</a>
Warmer Homes Scotland	<a href="http://www.warmworks.co.uk">www.warmworks.co.uk</a>
ESSH	<a href="http://www.energyefficientsocialhousing.org">www.energyefficientsocialhousing.org</a>
Supplier Development Programme	<a href="http://www.sdpscotland.co.uk">www.sdpscotland.co.uk</a>



# 14.0 Appendix 1 – exercise templates

## Community benefit

#	Benefit	Description (what)	Recipient (who)	Quantify/Qualify
1	Social			
2	Economic			
3	Environmental			

# Capabilities

#	Capability
1	
2	
3	
4	
5	

#	Capability	Contract (£)					Totals (£)
		1	2	3	4	5	
1	Capability 1						
2	Capability 2						
3	Capability 3						
4	Capability 4						
5	Capability 5						
	Totals £						

**Value proposition**

	Buyer	Customer
Value proposition		
Benefits		
How do we do it?		
What do we do?		

**Reviewing the specification**

#	What are the specific requirements of the contract?	What will you do?	How will you do it?
1			
2			
3			
4			
5			
6			
7			



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