

Budget Holders must first determine the “contract value” i.e. how do you have to spend, in order to ascertain the correct “procurement process” to be followed. This can often be as simple as an award of funding to purchase an item for a defined amount of money. A little more challenging is where the requirement is for a recurring item that you have been using for many years and wish to continue to use for the foreseeable future.

There are 3 steps to be considered at the outset:-

1. **Usage** - How much are we buying and who else is using this same or similar supply / service. It will be important to gather as much historical data as possible in order to create a pattern of usage. Information like:-
 - a) As mentioned earlier - Is this a once off purchase or a recurring item will need to be addressed early on.
 - b) Once off should take into consideration Total Life Cycle costing for comparison purchases. Some of the elements that you will need to consider include:-
 - purchase price/acquisition cost
 - consumables,
 - annual maintenance contracts, repairs/spares,
 - warranty
 - etc.
 - c) Recurring requirements – in this instance the contract value is the total value of the purchases for the defined period e.g. 12 months, 18 months. Where the period is undefined, then the value is determined by taking the last four years historical value.
2. **Value** - what is the pricing model i.e. is it fixed or based on volume. Where the purchase is coded appropriately, running a simple Agresso enquiry can often yield this information. You should also consider at this point if there will be additional requirements over the following years. For example, if you purchase equipment, will you require an upgrade, or add-on in the coming 2-3 years. Factor this into the Total cost of Ownership.
3. **Process** - once you have all the information, the following questions can be answered:-
 - a) Is this a quotation or tender?
 - b) If a tender is required, is it National or EU
 - c) Which of the procurement procedures is best fit for my requirements e.g. Open, Restricted, Competitive Dialogue etc.

The Procurement & Contracts Office can advise on the best approach.