

It is a requirement of the LEADER programme that applicants need to comply with any responsibilities under EU and Scottish Government procurement rules. Therefore evidence must be provided of assessment of 'reasonableness of cost' by quotes and/or tender documents. Failure to do so can result in breach of grant conditions and repayment of any grant monies received.

### Demonstrating Project Costs

Consideration must be given to the evidence and justifications provided to support the quotes/tenders selected by the applicant, this includes ensuring public procurement processes have been followed where relevant. Attention should be made where the cheapest quote/tender hasn't been selected and ensure the justification is acceptable taking into consideration the details in the applicant guidance.

Quotations are to be sought for all projects in accordance with the Procurement Rules of the Outer Hebrides LEADER Programme, Scottish Government and Comhairle Nan Eilean Siar and must be submitted to the LEADER officer with the completed LEADER application form. Your application should set out detailed costings, with supporting documentation.

The guidance accompanying the LEADER Application sets out the approach to project costings and associated documentation in applications – also refer to “Demonstrating Project Costs” within the General Guidance for Applicants.

The requirements are as follows:

<ul style="list-style-type: none"> <li><b>Route 0: £ 0 &lt; £ 999.99</b></li> </ul>	Depending on the commodity being purchased at least 3 quotes would be preferable – please discuss each item of expenditure with your LEADER officer.
<ul style="list-style-type: none"> <li><b>Route 1: £ 1k &gt; £ 50k</b></li> </ul>	3 written quotes required.
<ul style="list-style-type: none"> <li><b>Route 2: £ 50k &gt; £ 164,175.99 (goods) &gt; £ 4,104,393.99 (works)</b></li> </ul>	Project/item has to be advertised through a Formal tender process
<ul style="list-style-type: none"> <li><b>Route 3: ≥ £ 164,176 (goods) ≥ £ 4,104,394 (works)</b></li> </ul>	Project/item is to be advertised in Official Journal for the European Union (OJEU) – <i>if applicable</i>

**It is not permitted to separate or sub-divide any procurement into two or more contracts in order to avoid application of these Regulations or the Public Procurement Regime.**

*Please note that if any good or service costs come in just below any of the above stated thresholds you may be advised to follow the next Procurement route level (e.g. Item costs £22,400 then depending on the item being purchased you may be advised to follow Route 2 instead of Route 1.)*

There are different requirements for public sector and private sector organisations and these are discussed below.

#### **ROUTE 0:**

- Depending on the cost of the item it is preferable that 3 quotes per item(s) are submitted however please discuss this with your LEADER officer.

#### **ROUTE 1:**

- Supplier Issues Form** (enclosed in application pack) - Where it is not possible to obtain the required amount of written quotations (if 1 or 2 can only be obtained) a full note of the reasons why

V17.3.16

must be forwarded to the LEADER/EMFF officer on the Supplier Issues Form. This details the reasons why and how these quotes can be justified as sufficient. This form must also be submitted with the application form, if required a separate form is to be completed for each item of expenditure/budget line. Quotes which are obtained must show value-for-money and reasonableness of costs. Evidence or invitations to quote which you have produced – e.g. emails, public contracts Scotland printouts, etc. - should also be retained and provided as evidence to show that you tried to obtain the required number of quotations.

- **Public Sector Organisations** – The Public Contracts Scotland website - [www.publiccontractsscotland.gov.uk](http://www.publiccontractsscotland.gov.uk) – provides a facility to obtain ‘Quick Quotes’ from suppliers for non-contract purchases. This should be used whenever possible.
- **Non Public Sector/ Private Organisations** – Please obtain at least 3 quotes (if possible or a Supplier Issues Form for each item if less than 3 quotes obtained) and include these with the application

### ROUTE 2 AND 3:

- **All tenders are to be advertised as widely as possible**, including outside of the Outer Hebrides when possible, and on the Outer Hebrides LEADER website [www.outerhebridesleader.co.uk](http://www.outerhebridesleader.co.uk).
- The ‘**Report on Quotes/Tenders Received**’ (*enclosed in application pack*) is to be completed and submitted to the LEADER/EMFF Officer to explain the justification of your chosen decisions and the scores allocated to each. This should be accompanied by the full tender documents including the Invitation to Tender, Submissions and Individual Score Sheets.
- Any potential conflict of interest between applicants, LEADER/EMFF staff or a LEADER Local Action Group member and an organisation tendering for LEADER project work or consultancy must be raised with the LEADER officer, recorded on the application form and monitored.
- **Public Sector Organisations** –
  - Public sector organisation require to advertise contracts on the **Public Contracts Scotland** website - [www.publiccontractsscotland.gov.uk](http://www.publiccontractsscotland.gov.uk)
  - All notices published on **Public Contracts Scotland that require publication in the Official Journal of the European Union (OJEU)** are automatically registered on the OJEU. Contracting authorities therefore need only place the notice on Public Contracts Scotland, selecting “OJEU Notice” at the outset of notice creation, and the notice shall be submitted to the OJEU as well as being published on Public Contracts Scotland.

### OTHER REQUIREMENTS:

- All quotation requests and any tender documents must acknowledge that the project will be:
 

*“This project is being part-financed by the Scottish Government and the European Community Outer Hebrides LEADER 2014-2020 programme”.*
- The Outer Hebrides LEADER, Scottish Government, SRDP and EU logo’s (please request these from the LEADER/ EMFF officer when required) and/or wording must be displayed where possible on:
  - any capital item (non-consumable, physical items) purchased for more than £150
  - any capital items that are used to support the delivery of the project, which have an operating cost and where these costs have been reclaimed from LEADER.

V17.3.16

### PUBLIC ORGANISATIONS

#### *– Those Subject to Public Sector Procurement Rules*

For organisations subject to the Public Contracts (Scotland) Regulations, public sector procurement rules apply for the purchases of any goods and services funded under LEADER. We have listed **some** key organisations below:

- Local Authorities
- Architecture & Design Scotland
- Crofting Commission
- Food Standards Scotland
- Health Boards
- Health Improvement Scotland
- Health & Social Care Partnerships
- Historic Environment Scotland
- National Library of Scotland
- National Museums of Scotland
- Scottish Further & Higher Education Funding Council
- Scottish Natural Heritage
- Scottish Fire & Rescue Service
- Police Scotland
- National Park Authorities
- Organisations established by any of the above (or combination)
- Organisations financed wholly or mainly by a contracting authority
- Organisations subject to supervision by another contracting authority (or where more than half of the board of directors/members/individuals are appointed by a contracting authority)

Further details are available from:

<http://www.legislation.gov.uk/ssi/2015/446/schedule/1/made>  
<https://www.procurementjourney.scot/procurement-journey>

If you have any queries regarding the organisations status or to check if your organisation is subject to public procurement rules get in touch with Scottish Government procurement - [SPOEprocurement@scotland.gsi.gov.uk](mailto:SPOEprocurement@scotland.gsi.gov.uk)

Details about the Public Sector Procurement in Scotland can be found on:

[Public Contracts Scotland](#)  
[Scottish Government](#)

### NON PUBLIC / PRIVATE ORGANISATIONS

All other organisations (non-public, private organisations and businesses) will be required to establish how they consider the costs set out in their application to be reasonable.

You may wish to consider various approaches to help you do this:

- Tendering/multiple quotes e.g. for consultancy work or capital investments.
- Benchmarking – comparing costs e.g. for staff recruitment against other organisations or within the organisation
- Single quotes – where an alternative is not an option or impractical – e.g. use of a local hall for an event.
- Price comparisons e.g. for items with a particular specification

V17.3.16

For tenders, the selection criteria should also be included in your application (please see the '**Report on Quotes/Tenders Received**' template) demonstrating

- the weighting of tenders to show reasonableness off costs selected
- the successful tender has the relevant experience and expertise to carry out the work
- the financial security of the contractor appointed to carry out the work
- demonstrate genuine and effective competition for the tender

Whatever approach (or approaches) you adopt, you will be required to include all documentation and evidence that demonstrates how you have arrived at the costs and in doing so consider them to be reasonable (the 'Reports on Quote/Tenders' can be utilised for this purpose). You may wish to utilise independent expertise to justify choices – e.g. Chartered Surveyors, HR. For multiple quotes or tendering exercises, you will be expected provide full justification to the Local Action Group if you have not chosen the cheapest quotes or tenders.

Below sets down the types of written evidence that should be provided:

- **Price comparisons**
  - the date when printed or copied;
  - the item description and the price;
  - the name of the company or catalogue; and
  - the page number or webpage.
- **Multiple Quotes or tenders**
  - Multiple Quotes or tenders must come from:
    - different suppliers that trade as standalone businesses and are not linked through shared ownership; and
    - a business that's independent from the applicant or their business.
  - Multiple Quotes or tenders must include:
    - a detailed and itemised breakdown of costs;
    - the supplier's address, telephone number and a contact name;
    - the VAT number (if the supplier is VAT registered and VAT is itemised on the quote); and
    - the supplier's company registration number if they are a limited company).
  - Multiple Quotes or tenders must be:
    - comparable to each other in terms of quality, size, quantity, units and specification;
    - from the last six months and still valid; and
    - made out to the same business address on the application form - online quotes should also be addressed to the business.

Written acceptance of quotes/tenders must be provided.

V17.3.16