

INVERNESS COLLEGE, UNIVERSITY OF THE HIGHLANDS AND ISLANDS.



Renewable energy procurement guide for communities

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Innovatively investing
in Europe's Northern
Periphery for a sustainable
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A guideline for renewable energy procurement for communities. Outlining strategy, policy and procedure.

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Introduction

The following document is a framework guideline of the concept of how to undertake procurement for communities undertaking renewable energy development. The concept was formulated during the REMOTE project, as is hoped will raise awareness of renewable energy to ensure energy security within the Northern Periphery area. This document will hopefully allow the knowledge transfer of procurement process and strategy.

The strategy, policy and procedures will be laid out in a transparent manner to allow all stakeholders to clearly and concisely understand the process, as well as what is demanded should they decide to enter the process and tender for a program of works.

Procurement strategy

The guide for the procurement strategy for the Remote project is one of ensuring value for money, while maintaining the highest possible standard of transparency and integrity during the procurement process. A transparent procurement process will allow all stakeholders to clearly and concisely see which organisations and bodies are in the frame for a particular set of works.

Procurement policy

The REMOTE project procurement policy forms the basis for the procedures that will then operate. The policy in turn will take its guidance from the strategy that has been outlined.

The objectives for the REMOTE project procurement policy are that;

- The correct goods/ services are purchased with the correct quality and specification required for the stated service/task.
- Value for money is achieved throughout the process.
- The process is transparent, risk of fraud etc. minimised.
- The process is fast enough to ensure efficient and streamlined provision of good/ services.
- The external/ internal grant conditions are complied with.

Balancing the safety of the process with the speed required in some instances is a delicate process, but the process is one that needs to happen to ensure transparency and value for money.

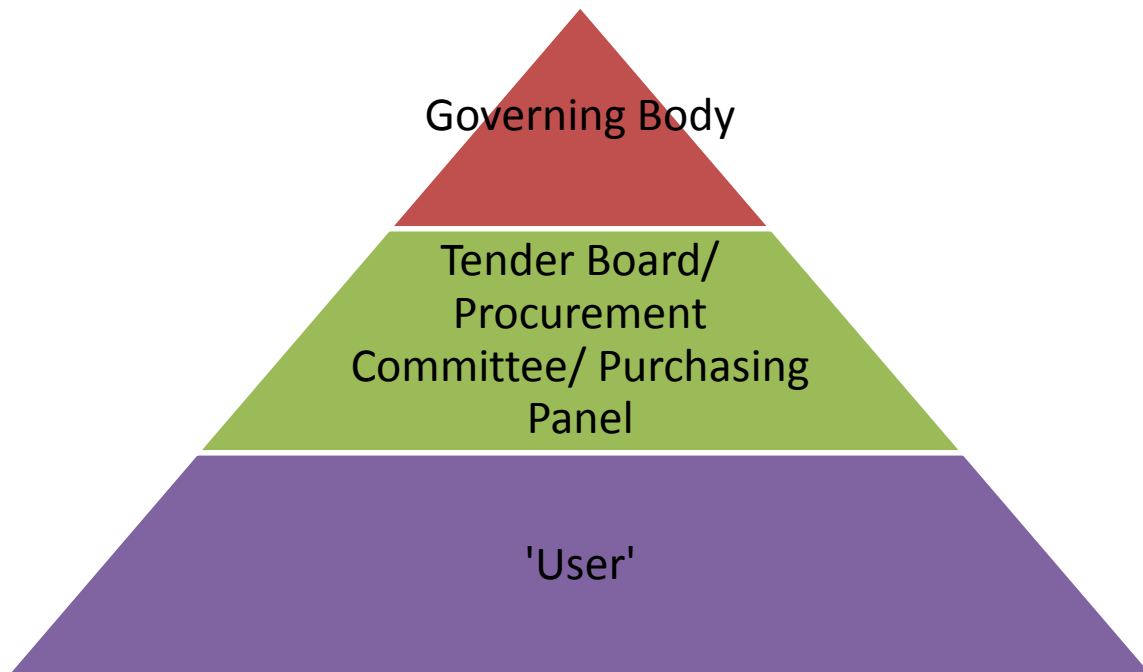
Procurement procedure

Procedure

Procurement procedure can vary from organisation to organisation (and depending on requirements) vary significantly in timeframe and cost. There are various different procurement procedures that can take place, with varying steps and requirements.

The overall structure for procurement that is recommended is a three tier process, which will comprise all the elements required. The highest level of authorisation would be the governing body (which would only get involved should the purchase have a high value and not be budgeted for or have previously allocated funds), followed by the tender board/ procurement committee/ purchasing panel. Then the bottom tier is the 'user' the individual/ group that is making the request for purchase.

The pyramid below shows the hierarchy of the procurement process. It clearly shows that the 'user' has to follow a set series of procedures to be able to obtain what is being requested for purchase should that be goods or services.



There are particular elements that need to be considered when looking at the procurement stage and they need to be addressed by particular individuals within the organisation working in specific departments (smaller organisations may need to compromise in this instance).

The following roles are recommended for the procurement stage:

1. Governing body.
2. Tender board/ Procurement committee/ Purchasing panel.
3. Budget holder.
4. Procurement/ Logistics officer.
5. Finance manager/ Accountant/ Bookkeeper.

The following roles when fulfilled correctly will establish a clear and concise process from which the procurement of goods and services will be efficiently sourced.

The stakeholder parties that need to be involved will depend on the amount of capital that is going to be involved in the purchase or a good or service. This can also be said in regards to whether it goes all the way up to board level, as minor purchases do not need to be cleared by the senior management level.

Documentation

Throughout all the stages of procurement there will be various documentary aspects that will need to be covered. There are those that are internally generated, others from suppliers and also consultation documents that will need to be considered, all of which need to be given consideration before a decision is made regarding any purchase. In this way the procurement process will be thorough and precise and will prevent delays from happening in later stages of procurement.

The standard internally generated documents are as follows:

1. Purchase requisition.
2. Local purchase order.
3. Good received notes.
4. Payment requisition.
5. Payment voucher.
6. Purchase decision record (or equivalent).

The standard source documents are as follows:

1. Quotations and pro/forma invoices or records of telephone quotes obtained.
2. Proposals (e.g. consultancy services/ graphic design etc.).
3. Contracts.
4. Invoices.
5. Goods deliver notes.
6. Receipts.

Other documents that will be needed for consideration/ reference:

1. Budgets.
2. Grant agreements.
3. List of authorised suppliers.
4. Ethical procurement policy.
5. Minutes of governing body and tender committee meetings.

If all documentary stages are completed, then they will provide a transparent timeline and a chronological sequence of events. Should there be a dispute these will provide evidence as to what happened and in what order.

Ethical procurement within the framework

There will be a strong onus on ethical procurement within this process. The creation of an ethical component of a procurement framework will allow the justification of an option that might not be the cheapest one if it serves an ethical justification. These may be the environmental aspects associated with transport, storage and energy efficiency considerations.

Some of the main ethical considerations that will be incurred regardless of region would be the aspects associated with transport of goods and services, as well as energy efficiency and carbon footprint. This is because of the distances involved in travelling by road and train to get to Inverness and the associated areas of interest.

The ethical considerations will have to be weighted up against the need for value for money, quality and the timeframe in which the goods or services are required to be delivered. As goods requiring immediate delivery would have to arrive ASAP, this may impact on the carbon footprint and transport aspects of this component of procurement.

Innovative procurement approaches

There are different types of innovative approaches that can be employed. There are variations between the contract types and resulting commencement of works, arising from veering off from the standard contract for a particular set of works.

Innovation is the adaption for better or worse of existing frameworks and ways of conducting activities. Innovation itself is not risk free. However if innovation is managed and conducted correctly there can be significant benefits such as in project completion time as well as costs benefits that can be incurred by having a more streamlined procurement process. Innovative procurement means different things in different sectors of operation.

Innovative case studies include the following developments that used various different types of innovation to ensure that the projects were successful in the implementation of the technologies.

Example of innovation

Contrasting example of innovation

Best practice as a result of the comparison between the two. (Should this be included?)

After reviewing the two individual case study examples best practice between the two can be established. Best practice is best described by using the definition that is below:

Definition of best practice (Of business dictionary.com)

“A method or technique that has consistently shown results superior to those achieved with other means, and that is used as a benchmark. See also best in class and leading practice.”

Read more: <http://ow.ly/zVhbG>

So leading on from the description of best practice we can analyse the case studies and break them down into segments from which we will be able to compare and contrast and see what worked best in which area. The following areas are the ones that are going to create the segments:

1. Contract type.
2. Lead partner.
3. Community involvement.
4. Experts involved in the project.
5. Type of project conducted.

This will allow for easy dissemination of the projects and ultimately lead to the best practice being highlighted.