**Document 14**

**Supplier Advantage Initiative**

***PLEASE NOTE THAT ALL SUPPLIERS ARE REQUIRED TO COMPLETE THE DECLARATION OF INTENT EVEN IF THEY DO NOT PARTICIPATE IN SUPPLIER ADVANTAGE INITIATIVE. IF SUPPLIERS DO NOT WISH TO PARTICIPATE IN SUPPLIER ADVANTAGE INITIATIVE, THEY SHOULD INDICATE THIS IN THE DECLARATION BY COMPLETING THE RELEVANT BOX. FAILURE TO SUBMIT A COMPLETED DECLARATION OF INTENT MAY INVALIDATE A SUPPLIER’S TENDER BID.***

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## Introduction

This document should be read in conjunction with Document 1 – Invitation to Tender, and sets out the importance of the programme, how it operates, how it is evaluated and how to complete the Declaration of Intent at the end of this document.

## Supplier Advantage Initiative

The Council is committed to developing its approach to working with suppliers and is introducing a Supplier Advantage Initiative (“SAI”). The SAI aims to improve the invoice management and payment processes for the benefit of all parties.

Benefits to the Council’s suppliers include:

* Improved cash flow through early payment of invoices
* Increased process efficiency via e-invoicing
* Prioritised processing and query resolution
* Nominated commercial managers
* Enhanced client satisfaction focusing on service delivery rather than transactional performance

The Council is encouraging its suppliers to support this programme as it will allow the Council to protect front line services whilst leveraging its sovereign credit rating and low cost of cash to provide liquidity to our supply chain.

As part of the SAI, bidders are asked to offer an early repayment rebate (a “Rebate”) to the Council which will be deducted from sums due to them under an invoice if the Council pays that invoice early. Whilst the Council’s standard payment terms is 30 days from receipt of a valid and undisputed invoice, as part of the SAI the Council’s target is to pay valid and undisputed invoices within 10 days from the receipt of that invoice.

## Rebate Options

Bidders are required to state the percentage rebate (the “Rebate Percentage”) they would provide as part of their tender submission by selecting from a range of different percentages options in the Declaration of Intent:

* 0.00%
* 0.50%
* 1.00%
* 1.25%
* 1.50%
* 2.00%

The Rebate Percentage that is offered by bidders will be evaluated as part of the commercial evaluation of Tenders. Bidders are referred the Commercial Evaluation section below which sets out how the Rebate Percentage will be evaluated.

As the actual day upon which the Council will make payment to the Supplier may vary, the Rebate Percentage operates on a sliding scale basis with the percentage rebate payable calculated dynamically and in proportion to the actual number of days that have elapsed between the Calculation Trigger Date and the Invoice Payment Date. The tendered Rebate Percentage assumes that target date for payment is 10 days from the Calculation Trigger Date (the “Target Date”).

The “Calculation Trigger Date” is the date that the relevant invoice is received by the Council into the correct central invoice address. For any disputed invoice, the Calculation Trigger Date is the date on which the dispute has been resolved by the parties in accordance with the dispute resolution procedures set out in the Terms and Conditions of Contract.

The “Invoice Payment Date” is the date on which the Council executes its payment run in respect of the relevant invoice. Please note that this is the date the payment leaves the Council’s bank account and not the date on which it arrives in the supplier’s bank account.

The table below sets out the way in which the rebates are calculated between Day 0 (the Calculation Trigger Date) and Day 30.

## Daily Rebate Table

|  |  |
| --- | --- |
| Number of days elapsed between the Calculation Trigger Date and the Invoice Payment Date | % of the amount owed that may be deducted and retained by the Council as the Rebate from the Invoiced Debt |
|  | Rebate Percentage |
|  | 0.50% | 1% | 1.25% | 1.50% | 2.0%  |
| 0 | 0.75% | 1.50% | 1.88% | 2.25% | 3.00% |
| 1  | 0.73% | 1.45% | 1.81% | 2.18% | 2.90% |
| 2  | 0.70% | 1.40% | 1.75% | 2.10% | 2.80% |
| 3  | 0.68% | 1.35% | 1.69% | 2.03% | 2.70% |
| 4  | 0.65% | 1.30% | 1.63% | 1.95% | 2.60% |
| 5  | 0.63% | 1.25% | 1.56% | 1.88% | 2.50% |
| 6  | 0.60% | 1.20% | 1.50% | 1.80% | 2.40% |
| 7  | 0.58% | 1.15% | 1.44% | 1.73% | 2.30% |
| 8  | 0.55% | 1.10% | 1.38% | 1.65% | 2.20% |
| 9  | 0.53% | 1.05% | 1.31% | 1.58% | 2.10% |
| **10 (Target Date)** | **0.50%** | **1.00%** | **1.25%** | **1.50%** | **2.00%** |
| 11  | 0.48% | 0.95% | 1.19% | 1.43% | 1.90% |
| 12  | 0.45% | 0.90% | 1.13% | 1.35% | 1.80% |
| 13  | 0.43% | 0.85% | 1.06% | 1.28% | 1.70% |
| 14  | 0.40% | 0.80% | 1.00% | 1.20% | 1.60% |
| 15  | 0.38% | 0.75% | 0.94% | 1.13% | 1.50% |
| 16  | 0.35% | 0.70% | 0.88% | 1.05% | 1.40% |
| 17  | 0.33% | 0.65% | 0.81% | 0.98% | 1.30% |
| 18  | 0.30% | 0.60% | 0.75% | 0.90% | 1.20% |
| 19  | 0.28% | 0.55% | 0.69% | 0.83% | 1.10% |
| 20  | 0.25% | 0.50% | 0.63% | 0.75% | 1.00% |
| 21  | 0.23% | 0.45% | 0.56% | 0.68% | 0.90% |
| 22  | 0.20% | 0.40% | 0.50% | 0.60% | 0.80% |
| 23  | 0.18% | 0.35% | 0.44% | 0.53% | 0.70% |
| 24  | 0.15% | 0.30% | 0.38% | 0.45% | 0.60% |
| 25  | 0.13% | 0.25% | 0.31% | 0.38% | 0.50% |
| 26 | 0.10% | 0.20% | 0.25% | 0.30% | 0.40% |
| 27 | 0.08% | 0.15% | 0.19% | 0.23% | 0.30% |
| 28 | 0.05% | 0.10% | 0.13% | 0.15% | 0.20% |
| 29 | 0.03% | 0.05% | 0.06% | 0.08% | 0.10% |
| 30 | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |

Suppliers are required to submit invoices at their full value and any rebate will be determined by the Council depending on Invoice Payment Date and how many days this actual payment date is earlier than the contracted payment term of 30 days from the Calculation Trigger Date.

No rebate is payable if payment is made outside the Council’s standard 30-day payment terms.

## Commercial Evaluation

Bidders are required to offer a Rebate Percentage from the amounts that would be properly due to the Service Provider under a valid and undisputed invoice in the event that the Council pays that valid and undisputed invoice earlier than the Council’s standard payment terms of 30 days.

In consideration of the Council paying the amounts (“the Invoiced Debt”) prior to the end of the 30 day payment period, the Council shall be entitled to deduct and retain from Invoiced Debt, for its own benefit, a percentage of that Invoiced Debt (the “Rebate”) which is calculated using the Rebate Percentage. The percentage which will be deducted from the amounts due to the Service Provider under an invoice will change on a sliding scale depending upon when the Council makes payment.

The Tenderers’ commercial score has a weighting of 60%. Prices should be submitted on the following basis:

|  |  |
| --- | --- |
| Gross Price | £ |
| Rebate Offered |  % |
| Net Price | £ |

The Rebate Percentage proposed by the Bidder in the Declaration of Intent is deducted from the Gross Tender Price it has submitted for its tender to produce the Net Price. This Net Price is then used to evaluate each Bidder’s price.

Suppliers are required to complete the Declaration of Intent in Section 7 of this document, even if they do not wish to participate in the Supplier Advantage Initiative. **Failure to do so may invalidate a supplier’s tender submission.**

## Worked Example:

For an evaluation allocating 40% weighting to the Price, the evaluation would be as follows based on the four example bids received:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Price: 40%** | **Supplier 1** | **Supplier 2** | **Supplier 3** | **Supplier 4** |
| **Gross Price** | £1,000 | £1,000 | £1,300 | £1,250 |
| **Rebate** | 0.50% | 0% | 2.00% | 1.50% |
| **Net Price** | **£995** | **£1,000** | **£1,274** | **£1,231** |
| **Score** | 40% | 39.8% | 31.2% | 32.3% |
| **Outcome** | Best (Lowest) Net Price |  | Worst (Highest) Net Price |  |

The rebate offered by suppliers in the tender submission indicates the rebate that would be retained if the Council were to pay the Supplier’s invoice on the tenth day following its receipt (20 days earlier than the contracted payment term of 30 days from the date of receipt of the invoice). Please refer to Section 4 of this document for a table demonstrating how rebates are calculated dynamically.

## Declaration of Intent to join Supplier Advantage Initiative

**Supplier Advantage Initiative Questionnaire**

Please confirm that you have read and understood the Supplier Advantage Initiative guidance in the ITT documentation, and that you understand your willingness (or not) to participate in Supplier Advantage Initiative may impact the evaluation of this tender, by writing the word “yes” in the box below:

|  |
| --- |
|  |

In the section below, select one of the two options by placing an “X” in the right hand column, and for option 1 please also state the rebate rate that you are offering by placing an “X” below the rebate being offered.

|  |  |
| --- | --- |
| **Option 1**Supplier confirms its participation in Supplier Advantage Initiative on the terms of the Supplier Participation Agreement.**Please select therebate you are offering for payment of invoices 10 days after receipt:** |  |
|  | 0.5% | 1.0% | 1.25% | 1.5% | 2.0% |
|  |  |  |  |  |  |
|  |  |
| **Option 2** Supplier confirms it will not participate in the Supplier Advantage Initiative  |  |

Rebates will be deducted and retained by West Sussex County Council.

**Name**

……………………………………..

**Signature**

……………………………………..

 **Date**

……………………………………..

