

# Tender evaluation policy

## CONTEXT

1. This is a joint policy applying to South Oxfordshire District Council and Vale of White Horse District Council.
2. As well as being a policy for evaluating tenders, this document also brings together best practice in procurement and clarifies the process to be followed by officers.
3. This policy should be viewed in conjunction with Contracts Procedure Rules (South) / Contracts Standing Orders (Vale). These describe the process of approval of any procurement by officers and members at each threshold of procurement expenditure.
4. Any exceptions to this policy must be approved by a head of service in consultation with the relevant Cabinet / Executive portfolio holder.
5. References to 'councils' in this policy means to either separately or both together.

## PURPOSE OF THIS POLICY

6. The purpose of this policy is to ensure that:
  - the councils procure supplies, services and works that meet the defined and agreed essential needs of the councils as specified in the Invitation to Tender/Invitation to Quote (Framework Agreements) (ITT/ITQ).
  - in all cases, a specification is produced and agreed prior to the ITT/ITQ being issued that clearly identifies the essential requirements (needs), along with the highly desirable (discretionary added value) and desirable (wants).
  - the selection criteria are clearly identified within the ITT/ITQ with cost being at least 60 per cent (preferably higher) of the criteria for selection in all cases.
  - the tender is selected which offers the best value for money to the councils over the whole life of the project
  - the tendering process, selection of bidders and the award of contracts are fair, open and objective
  - all tenders are evaluated to a consistently high standard
  - the councils comply with their contracts procedure rules (South) / contracts standing orders (Vale) in their constitutions, procurement best practice policies and guidance, regulations and EU procurement legislation and rules
  - equality and diversity considerations are embedded in the councils' tendering process.

## APPROACH

7. This tender evaluation policy is based on a template tender evaluation policy and guidance provided by the Office of Government Commerce (OGC) on evaluating tenders, including the following definitions:
  - “award criteria” – factors to be considered when evaluating bids
  - “weightings” – proportion of total marks available for each factor
  - “evaluation methodology” – guides the award of marks under the various criteria.
8. A clear distinction must be drawn between the short listing of the Pre Qualification Questionnaire (PQQ) “assessment” stage and the tender “evaluation” stage of the procurement process.
9. At the start of the procurement the lead officer must agree with the procurement's stakeholders whether to appoint an independent officer, third party or an internal assessment/evaluation panel, to assist with the short listing assessment of candidates following receipt of the PQQ and to evaluate the qualitative aspect of tenders.
10. The lead officer should conduct the tender process and ensure that it complies with the contracts procedure rules (South) / contracts standing orders (Vale) in the councils' constitutions for tenders in excess of £50,001.
11. When the total value of the contract is over £120,000 and therefore at risk of exceeding the EU threshold (from 1 January 2008: £139,893 for supplies and services and £3,417,313 for works see [www.ogc.gov.uk/procurement\\_policy\\_and\\_application\\_of\\_eu\\_rules\\_eu\\_procurement\\_thresholds\\_.asp](http://www.ogc.gov.uk/procurement_policy_and_application_of_eu_rules_eu_procurement_thresholds_.asp)
12. for latest thresholds) the lead officer must in consultation with legal services place an advertisement Contract Notice in the Official Journal of the European Union (OJEU). The lead officer must ensure that the award criteria specified in the ITT/ITQ are consistent with the award criteria published in the relevant OJEU Contract Notice.
13. The process of procurement is described on the councils' intranets as a flowchart step-by-step guide to officers.
14. More information on securing best value for money from procurements can be found at: [www.ogc.gov.uk/key\\_policy\\_principles\\_delivering\\_value\\_for\\_money\\_in\\_procurement.asp](http://www.ogc.gov.uk/key_policy_principles_delivering_value_for_money_in_procurement.asp)

### **Pre-Qualifying Questionnaire (PQQ) Assessment**

15. An Expression of Interest Notice and a PQQ may be issued for high value or complex contracts in order to reduce the number and improve the quality of companies invited to tender.
16. This short listing stage is essentially a present or backward-looking process which assesses candidates in the abstract e.g. whether they are suitable in principle for the contract based on professional ability, technical capacity, economic and financial standing, experience, staff resources, approach to promoting equality and diversity, approach to health and safety etc.
17. Where the councils wish to exclude a tender under the open procedure or at the assessment stage under the restricted or negotiated procedures they must do so in accordance with the criteria set out in the Public Contracts Regulations 2006.

18. At the conclusion of short listing and prior to submitting the ITT/ITQ the councils will identify candidates, with whom they would, in principle, be content to contract. Short listing should therefore be about the candidate not the bid.

## **Invitation to Tender (ITT) / Invitation to Quote (ITQ) Evaluation**

19. The evaluation and contract award stage following the receipt and evaluation of the ITT should be about the tender/bid. At the evaluation and award stage the lead officer should solely look forward and evaluate what each bidder has offered in its tender.

20. The regulations allow choice between “lowest price” and “most economically advantageous tender” (MEAT). Council policy is to use MEAT when selecting tenders. MEAT can be broken down as the combination of quality and whole-life costs that will meet the user's requirements. The officer leading the procurement (“lead officer”) should conduct the ITT/ITQ tender evaluation stage to ensure that the most economically advantageous tender is selected.

## **ITT/ITQ EVALUATION CRITERIA**

21. Best practice procurement involves deciding in advance of the issuing of the tender what criteria will be used to evaluate bids. The specification within the ITT/ITQ must identify those requirements that are essential and those over which the councils will exercise discretion i.e. desirable. The lead officer must notify tenderers of the award criteria and any sub-criteria and their weighting within the OJEU Contract Notice and / or in the Invitation to Tender. The award criteria need to be given relative weighting or, if this is not possible, listed in descending order of importance and should be clearly set out in the ITT/ITQ to avoid any confusion later on in and at the end of the tendering process.

22. When evaluating a contract or framework agreement on the basis of MEAT, the lead officer must use the criteria in the ITT/ITQ/specification (and no others) in order to determine which offer is the most economically advantageous and offers the best quality over the lifetime of the contract. Such criteria may include:

- ability to meet the essential requirements
- price
- quality
- technical merit of the bid
- aesthetic and functional characteristics
- environmental characteristics
- running costs
- approach to promoting equality and diversity
- cost effectiveness
- after sales service
- technical assistance
- delivery date and delivery period
- period of completion
- risk
- legal
- approach to health and safety

23. It is the councils' intention that price will always carry at least a 60 per cent weighting in the tender award choice; and that the lowest price bid that meets the essential requirements should be selected, unless the lead officer can demonstrate added value or savings that could be achieved by selecting an alternative bid.

24. 'Added value' that justifies a higher price must flow from the defined essential service criteria, and could include environmental benefits.
25. Any possible saving opportunities inherent in accepting a higher price bid must flow from the defined essential criteria, and must be clearly identified in terms of additional life cost of the contract verses guaranteed one-off or on-going savings.
26. These criteria relating to the qualitative (e.g. technical, delivery, quality) and commercial (e.g. price, cost, risk, legal) elements of the requirement are used to communicate to tenderers the basis on which their entire tender response will be evaluated.
27. The lead officer should ensure that the essential and desirable tender evaluation criteria are developed in conjunction with the business or project aims, critical success factors and specification. It is therefore important to know how to evaluate tender responses before the criteria are agreed. For example:
- The lead officer will disqualify a tenderer if they do not meet the essential response requirement.
  - Unless there is specific reason otherwise, an evaluation panel should evaluate the qualitative part of the tender separately from price.
  - The lead officer / evaluation panel will recommend acceptance of the lowest price bid that meets the essential requirements, unless it can justify acceptance of a higher price bid in accordance with the guidance on 'added value' and/or identified savings outlined above.

### **High level evaluation criteria for selection of provider and award of the contract or providers onto framework**

28. The following is an example of how the lead officer might present the evaluation criteria in the OJEU Contract Notice and/or Invitation to Tender:

<b><i>Criterion</i></b>	<b><i>Weighting</i></b>
Only those bids that meet all of the essential requirements will proceed to evaluation of the remaining criteria.	
Price	At least 60 per cent
## lead officer to insert other criterion	##
## lead officer to insert other criterion	##
## lead officer to insert other criterion	##
## lead officer to insert other criterion	##

### **EVALUATION METHODOLOGY**

29. The lead officer or evaluation panel will evaluate tenders by considering how the tender meets each of the evaluation criteria.
- First evaluation – ability to meet the essential requirements (the 'can do')
  - Broad criteria weighting against only those tenders that meet the essential requirements:

- Method statements (the 'how')
  - Price
  - Added value additional services or functionality inherent in the price.
  - Confidence in the tenderer's ability to deliver the contract.
- A breakdown of the marks as set out in the tender documents so that tenderers can see how many marks are allocated for each section or question.

30. It is also a good idea to circulate this policy and to draw up evaluation marking guidelines for the evaluation panel and to meet to discuss these so that everyone is clear on the evaluation methodology.

## **ITT/ITQ EVALUATION PROCESS**

31. The whole tender evaluation process can be summarised very simply in the generic steps below. The evaluation process will feature some, if not all, of the following phases:

### **Receipt and opening**

32. Invitation to Tender (ITT) and Invitation to Quote for Framework Agreements responses are formally logged upon receipt and opened in accordance with the councils' contracts procedure rules / contracts standing orders. Currently this logging and opening function is undertaken by the Business Improvement Manager in HR, IT and Customer Services (South) and by Democratic Services (Vale). Any tender ITT response received after the deadline will be rejected and not considered for evaluation.

### **Independent evaluation of tender responses**

33. The lead officer, alone or in conjunction with members of the evaluation panel (if any), should ask the evaluation panel members to mark the responses independently. However, some tenders may contain a technical response that only a specialist stakeholder is qualified to mark.

### **Moderation of scores**

34. After the panel has marked the tender responses independently, the lead officer should re-convene the panel in order to moderate the scores. This will ensure that any areas where scoring differs markedly from panel member to panel member, can be re-visited. This meeting should talk through any elements of risk that panel members consider apply to each tender. At this stage a short-list of tenderers can be drawn up.

### **Tenderer presentations**

35. Depending on the type of procurement (more common for services and works contracts) it may be necessary to invite the tenderers to present their proposals to the panel. However the lead officer will need to be clear on whether the tender presentation will be evaluated and if so ensure that this has been included in the award criteria and weighted. The tender presentation should also serve to clarify the information contained within the method statements and confirm what is included in the price. This may affect the initial evaluation scoring.

## Customer references

36. The lead officer will need to draw up a questionnaire to send out to the referees provided in the Pre Qualification Questionnaire and/or ITT/ITQ.
37. The evaluation panel may request site visits to existing users of the short-listed tenderers' services, products, or solutions to view and discuss the products/services at first hand prior to making its final selection. However if the intention is to score this then this should also be set out in the ITT/ITQ.

## Final meeting of the evaluation panel

38. The lead officer should hold a final meeting to moderate and merge the scores gathered from any ongoing short listing issues such as due diligence further financial appraisal and customer reference site visits and/or the written references if candidate has requested that these should not be taken at the short listing assessment stage of the process in order to produce a final ranking.

## Evaluation report and recommendation

39. The lead officer will now be in a position to qualify the panel's recommendation for the award of contract. This is presented in report format and will need to obtain the relevant approval, as defined by the councils' contracts procedure rules / contracts standing orders.
40. More information can be found at:  
[www.ogc.gov.uk/policy\\_and\\_standards\\_framework\\_general\\_evaluation\\_and\\_award.asp](http://www.ogc.gov.uk/policy_and_standards_framework_general_evaluation_and_award.asp)

## AWARD OF TENDERS AND FRAMEWORK AGREEMENTS

### Notification

41. Subject to Cabinet/Executive approval and call in the lead officer must inform all those who have participated in the procurement process of the intention to award the tender or framework agreement<sup>1</sup> preferably by email and confirmed by letter. Notification of this intention to award must include:
- The criteria for the award of the contract - original award criteria.
  - The score obtained by the recipient of the notice and the successful tenderer
  - The name of the successful tenderer

### Standstill period

42. The day after the date that the notification is sent, a ten day standstill period will begin (this is known as the Alcatel period). Day one of the ten calendar days is the day after despatch of the award notice, and if the standstill period ends on a non-working day it must be extended to the end of the next working day. During this period unsuccessful tenderers are able to ask for a detailed debrief as to why their tender has not been taken forward.

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<sup>1</sup> A framework Agreement is a general term for agreements with suppliers, which set out terms and conditions under which specific purchases (call-offs) can be made throughout the term of the agreement. It is advisable to tender for a framework of suppliers for contracts.

43. More information can be found at:

[http://www.ogc.gov.uk/documents/10day\\_Mandatory\\_Standstill\\_Period.pdf](http://www.ogc.gov.uk/documents/10day_Mandatory_Standstill_Period.pdf)

## **Contract Award and OJEU Award Notice**

44. At the end of the standstill period whether or not there has been a formal challenge to the proposed award, the contract or framework agreement can be confirmed and signed. If there has been a formal challenge the councils may elect to proceed or to await the outcome of the challenge.

45. Within 48 days of the award of contract a Contract Award Notice should be submitted to OJEU.

## **POLICY IMPLEMENTATION**

46. The councils will agree this joint policy via approval by Cabinet (South) and Executive (Vale).

47. We will implement this policy by including relevant sections in the following documents:

- ITT/ITQ open procedure tender document (above and below EU threshold)
- ITT/ITQ restricted procedure tender document (above and below EU threshold)
- Contracts procedure rules / contracts standing orders

48. We will ensure suppliers are aware of relevant sections of this policy by publicising it in the Guide to Suppliers which is published on the councils' websites.

49. We will ensure that officers undertaking procurement comply with this policy by including it in the intranet procurement flowchart which sets out the procurement process, and by briefing the Contracts and Procurement Group. The Business Improvement Manager (South) and Organisational Change Group Manager (Vale) will oversee the implementation of this policy.

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Last updated 23 September 2009