

Finance and Resources Committee Meeting – 23 April 2009

TENDERING POLICY AND PROCESS PAPER

Executive summary and recommendations

Introduction

This paper outlines recent changes to the tendering policy and procedures.

Decision

The Committee is requested to approve the changes.

Background information

The Tender Policy and Process was last approved by the Finance and Resources Committee in September 2007 – refer minutes Item 11.07/141. Since then, the Tendering Policy has been created as a separate document with the Tendering Process expanded and converted into a text document to make it easier for users to follow. The updated version of both documents is attached – refer Appendices One and Two.

The Tender process exists within the wider Procurement process. For an overview of how the Procurement process relates to the Purchasing and Payment processes, refer Appendix Three.

Resource implications

Nil

Financial implications

Nil

Appendices

Appendix One – Tendering Policy

Appendix Two – Tendering Process

Appendix Three – Spending Process Overview (ISO diagram)

Date of paper

9 April 2009

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2008-10-2309	a	F&R	PPR	Tendering paper	Draft DD: None	Public SL: None

APPENDIX ONE

HPC Tendering Policy

The tendering policy & process was last approved by the Finance and Resources Committee on 18 September 2007.

1. The trigger for a new supplier tender requirement is when any of the following 3 conditions are reached:
 - 1.1 The total set of goods or services from a new supplier is greater than £30,000 per annum. With a thresh-hold of at least £30,000 pa, the benefits of tendering (obtaining different quotes to select from) are likely to exceed the administrative costs of tendering.
 - 1.2 The existing supplier has been providing goods and service to the HPC for four years and there is no agreement in place for supply for a period longer than four years. An example of such an agreement is the current agreement with Kingsley Napley for a five year period. Initiating a tender for goods or services at least once every four years will help to demonstrate contestability i.e. encourage value for money and impartiality in the appointment.

After reasonable communication with the supplier, the HPC supplier relationship manager is unhappy with some aspect of the ongoing relationship with the supplier. For example supplier expertise, reliability, new price levels, service quality, billing process etc.

2. For contracts of an annual value greater than £30,000 VAT inclusive, written tenders shall be invited from at least 3 appropriate suppliers, except where fewer than 3 suppliers offer the goods or services in question. For example where the goods or services are only available from a monopoly provider.
3. Contracts and the process through which they are procured must be open and transparent, with the successful contractor chosen on the basis of a fair and competitive process. All tenders should be based on a written specification supplied by the HPC for the services to be rendered or goods supplied.

APPENDIX TWO

HPC Tendering Process

The tendering policy & process was last approved by the Finance and Resources Committee on 18 September 2007.

The tendering process is a four step process within the wider Procurement Process – refer Procurement section on Springfield for further details on the process map.

When is a tender needed?

Refer the Tendering policy in the Procurement section on Springfield.

Who conducts the tender?

The supplier relationship manager (SRM) or budget holder is the person best positioned to run the HPC tender for goods and services. It is desirable to invite major HPC users of the supplier to attend any supplier presentations during the tender process and provide feedback to the person conducting the tender.

The effort involved in running the tender should be proportionate to the significance of the supply (how critical is the supply to a project or business process?) and value of the annual spend.

Who makes a decision on the supplier to appoint?

In a limited number of instances, such as appointment of new auditors, the Audit Committee is asked to approve the recommendation of the Executive on which firm of auditors to appoint.

In a limited number of instances, such as the appointment of new suppliers to major projects, the Finance and Resources Committee is asked to approve the recommendation of the Executive on which project suppliers to appoint.

In the majority of cases, EMT or the relevant departmental budget holder will make the decision on which new supplier to appoint.

In the absence of an alternative period, the default period that the relationship with the preferred supplier would run for would be four years.

What templates are available to assist with the tender?

For a copy of a generic template, see the Tender Evaluation Template1.xls file in the Procurement section on Springfield.

Note that the list of attributes to assess in the tender and put a weighting on is not defined, but left to the SRM to determine.

For an example, based on the corporate travel tender, see the HPC Travel Tender Evaluation.xls file in the Procurement section on Springfield.

Tendering Process

A trigger point for a tender is reached e.g. four years since last went out to tender, HPC dissatisfaction with supplier or a supplier is required for a new service.

Step One (Design)

- Capture HPC user requirements and any user feedback on past experience with suppliers of this service. This involves liaising with all the relevant users, not just those in one department as needs may vary.
- Develop a statement of purpose – this should cover the broad nature of the services to be provided and the overall objectives of the scope of supply and contract.
- Provide background information – this should be an overview of the requirement, and should briefly detail annual transaction volumes, service measures, and existing arrangements.
- Develop a clear specification of the goods and services to be supplied. The service specification sets out in specific and measurable terms the services required. Note that the requirements should not dictate the approach to the solution. Service ‘desirables’ and ‘essentials’ should be set out separately.
- Identify prospective suppliers, including confirming they can supply those goods and services from their product range.

Step Two (Invitation)

- Send each prospective supplier an invitation to tender document, including the statement of purpose, background information (**please omit any commercially sensitive or HPC confidential information**), specification, details about who to send the response document to, details of the evaluation and award process (including the bid closing date and when potential suppliers will be notified of the outcome). Example of information in the invitation to tender may include the following:
 1. How goods and services are to be delivered and the duration they are required for.
 2. Pricing structure – i.e. price breaks, discounts etc for the proposed service. Ensure prices include VAT and should use quotes rather than estimates if possible.

3. Suppliers policy/approach on corporate and social responsibility (CSR)
4. Draft contract containing terms and conditions. Ideally a copy of the HPC supply contract would be attached with tender documents sent out. In the absence of an HPC contract, supplier should supply their terms and conditions document.
5. Request for recent financial statements (and customer references?) from suppliers. Note that financial statements should be accompanied by a signed audit certificate to authenticate the details.

Step Three (Assessment)

- Review the tender submissions received back and invite presentations from a shortlist group of prospective suppliers.
- Analyse the prospective suppliers using a tender evaluation template and include feedback from major users on any supplier presentations.
- Ask the Finance Department to run a supplier credit rating check on the supplier's solvency in case they are financially unsound. Provide the supplier financial statements to the Finance department for feedback.
- Select the best supplier for the job and confirm the final contract/service level agreement (SLA) with the supplier in writing. See also Procurement Guidance Notes in the Procurement section on Springfield under section 8 & 9 on tendering decisional rules and evaluation factors.

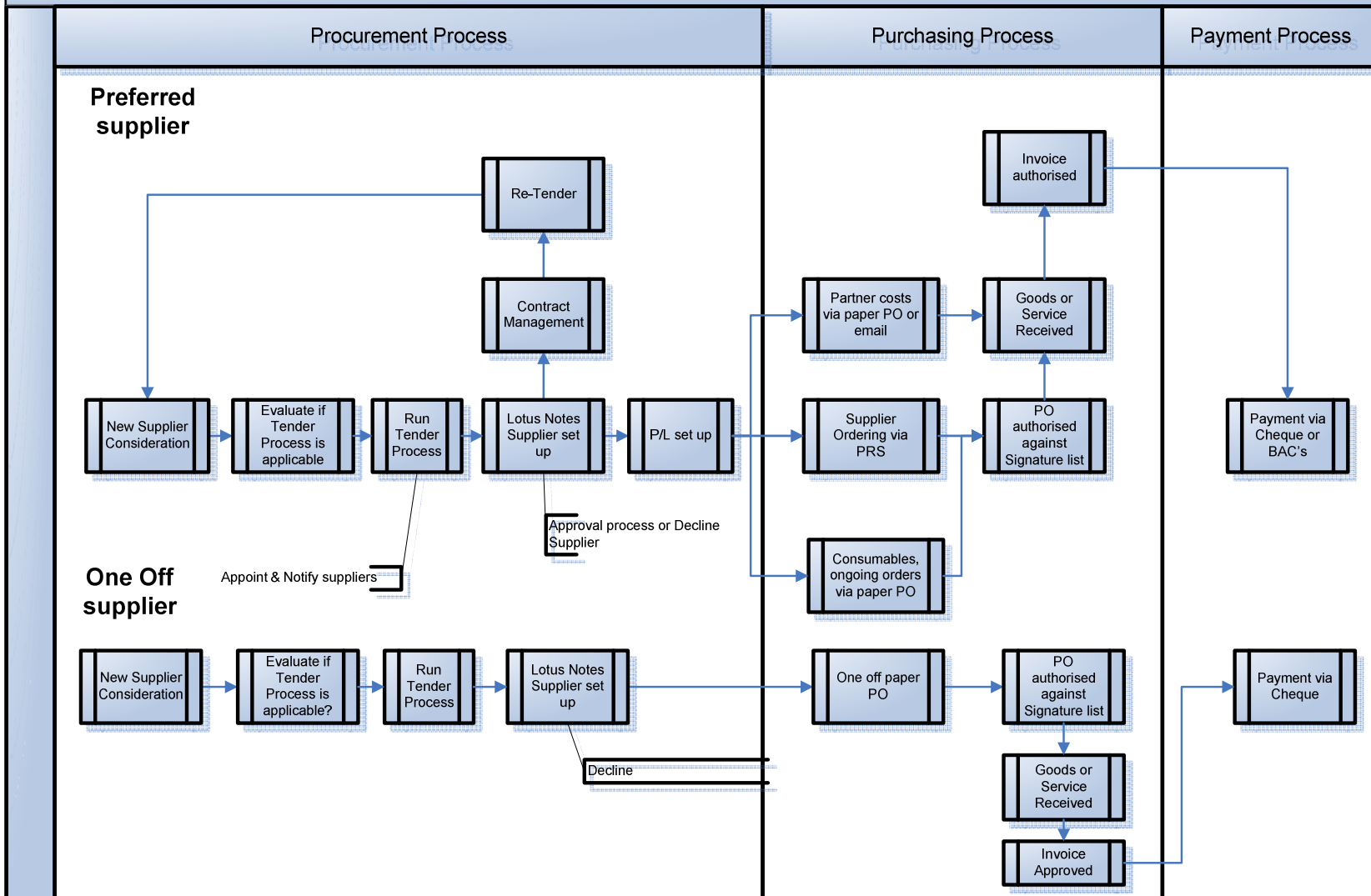
Step Four (Update)

- Notify the prospective suppliers who responded to the tender of the tender outcome.
- Design a changeover from the old supplier to the new supplier, allowing existing orders outstanding with the existing supplier to be actioned, but new orders to be placed with the new supplier.
- Notify employees of the changeover plan.

Step Five (Set Up)

- Set up the new preferred supplier on Lotus Notes database. This will automatically trigger the set up in the SAGE purchase ledger which then makes that supplier available on the supplier list in PRS to enable purchase orders to be raised for new work.
- Scan the signed supplier contract/SLA and relevant price list (VAT inclusive prices) into the Lotus Notes database record for that supplier.
- Store the tender evaluation template on the preferred supplier's record in Lotus Notes database in case someone needs to refer to it later.

Spending process overview (20090403)



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