



Code of Practice

Strategic Procurement Team

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Summary of Procurement Process

The table below summarises the key stages of any procurement undertaken by the Council. This checklist is based on Barnet's Contract Procedure Rules (CPRs) - which provide the Council's spend framework – and the details of each stage can be found in this Code of Practice.

Table 0-1: Summary of Procurement Process

Ref	Stage	Key Requirements
1	Procurement Initiation	Develop business justification for procurement and identify if an EU or Barnet procurement procedure is required Gain authorisation for the procurement to proceed (see 5 of CPRs) and obtain tender number from the SPT for supplies and services contracts over £144k and works contracts over £500k.
4	Prior Indicative Notice (PIN)	Place a PIN in the Official Journal of the European Union (OJEU) if an EU procedure is being used
5	Procurement Development	Draft business prospectus and prequalification questionnaire (PQQ) if a Negotiated or Restricted process is being used. Draft Specification of Requirements and evaluation framework
6	Gateway Review Check 1	Submit a Gateway Review Form to the SPT for approval for supplies and services contracts over £144k and works contracts over £500k.
7	Public Notice	If a Barnet procedure is being used advertise the procurement in at least one newspaper circulating in the borough and at least one relevant trade journal. See CoP. If an EU procedure is being used advertise the procurement in OJEU. See 6.1 of CoP
8	Long listing and Invitation to Tender	If a Negotiated or Restricted process is being used evaluate PQQs and issue an ITT to short listed companies
9	Evaluation of Tenders	Evaluate tenders and announce short list or preferred bidder
10	Contract Negotiations	If a negotiated process is being used, negotiate with short listed suppliers and announce preferred bidder
11	Acceptance	Obtain required acceptance and Statutory Officer clearance
12	Contract Management and Monitoring	Put appropriate contract management and monitoring arrangements in place The SPT will undertake a Gateway Review Check 2 six months after the award of contract for supplies and services contracts over £144k and works contracts over £500k.

1 Introduction

Who is affected by the Council's Contract Procedure Rules and Procurement Code of Practice?

- 1.1 Everyone in the Council is affected by the Contract Procedure Rules and Code of Practice. In particular:
- 1.2 Directors and Heads of Service are responsible for ensuring that their staff conform to the Contract Procedure Rules.
- 1.3 All officers who commission contracts for goods, works or services are required to use the Contract Procedure Rules and Procurement Code of Practice and to adhere to the principles set out within it. This requirement also covers all persons who commission contracts on behalf of the Council, such as external consultants.
- 1.4 Council Members are also bound by these regulations.
- 1.5 However, if the Council adopts special Procedure Rules for contracts paid from a school's delegated budget then they will apply in substitution for the Council's Contract Procedure Rules and Code of Practice.

What does the Code of Practice cover?

- 1.6 The Code of Practice contains only core guidance and does not extend to the specialist procurement needs of some departments. If you have any questions about this Code of Practice or the Contract Procedure Rules, or would like advice on any aspect of procurement, please contact the Strategic Procurement Team who will be pleased to help.

How to use the Code of Practice

- 1.7 The Code of Practice has been kept as simple as possible. It follows closely the Contract Procedure Rules in its lay out with the aim of taking you through the procurement process step by step.
- 1.8 However, there is a significant difference between buying a standard product, such as desks for the office, and a more complex procurement such as the commissioning of places at a residential care home, or tendering for the provision of grounds maintenance. If you are in any doubt as to the best way forward, or simply need to understand better the different options that are available to you, please contact the Strategic Procurement Team for more specialist advice.

2 Application and Interpretation

- 2.1 No further guidance to the information provided in the Contract Procedure Rules.

3 Calculation of Contract Values

- 3.1 The value of a contract must be calculated over the entire length of a contract, and not the annual value.

- 3.2 For example:

A contract for stationary is let for 2 years at an estimated annual value of £70,000. The contract value is therefore: **$2 \times £70,000 = £140,000$**

- 3.3 However, where a contract allows for an extension this does not need to be included in the calculation.

- 3.4 For example:

A catering contract is let for 3 years with an option to extend for a further 2 years. The estimated annual contract value is £40,000. The relevant calculation is **$3 \times £40,000 = £120,000$** , not $5 \times £40,000 = £200,000$.

4 Responsibilities of Heads of Service

- 4.1 Heads of Service are responsible for all contracts which are tendered and let by their Service Area.

- 4.2 There are two cases in which there may be uncertainty over where responsibility lies:

4.2.1 If the contract is a **corporate contract** which serves many or all Service Areas within the Council; or

4.2.2 there is involvement of **another Service Area(s)**.

4.2.2.1 **Corporate contracts:** The Strategic Procurement Team is responsible for tendering and letting corporate contracts. Examples of such contracts are contracts for stationary, Corporate Clothing and Utilities. Whilst we will consult and liaise with Service Areas on such contracts, we will manage the procurement process and be responsible and accountable for the performance of the contract.

- 4.2.2.2 **Contracts involving more than one Service Area:**
Where there are two or more Service Areas involved in the letting of a contract, there must always be a lead Service and this Service Area will have responsibility for the effective tendering, letting and monitoring of the contract. Examples of such contracts are grounds maintenance and catering, which are contracts which cut across more than one Service Area with the responsibility for the contract resting with one Service Area, in this case Environment.
- 4.2.2.3 In the case of several Service Areas being involved in the letting of a single contract, the Strategic Procurement Team may become involved in the management of the procurement process. We would give advice about who the lead Service should be, and could project manage the process. If we were not directly involved in such a procurement process we would always be available to give advice and guidance.

Audit Trail

- 4.3 It is important that everybody follows the Contract Procedure Rules to ensure probity and best value for the Council. Under these Contract Procedure Rules, a significant amount of discretion has been delegated to Council officers. This is part of a modern, risk-aware approach to procurement which should bring about improvements in service delivery.
- 4.4 However, as part of this approach, it is important that there is a clear audit trail in place in all Service Areas. Your decisions on tendering and contract letting must be as clear and transparent as possible, and they must be clearly documented and auditable.
- 4.5 There are two elements to the audit trail:
- 4.5.1 a contract database which tracks all contracts over £25,000 in value. All Heads of Service are now required to keep a register of contracts in their services of £25,000 or more. The Strategic Procurement Team has developed a contract database for this purpose. The Service Area Procurement Officers (SAPOs) are responsible for maintaining and updating the contract database; and
- 4.5.2 a Gateway Review Process which provides additional structure to contracts over £144,371. Gateway Review Forms must be completed for all purchases over £144,371 in value and can be found at Appendices 3 - 7.

5 Authorisation and Acceptance Procedures

Authorisation Procedures

- 5.1 All planned contracts (renewals, new contracts, contract extensions, additions and variations) for the forthcoming financial year to be Authorised through inclusion in the Budget or other Committee Plan must be clearly set out to ensure the transparency of the budgeting process. The following details should be included:
- 5.1.1 Summary specification of requirement;
 - 5.1.2 Estimated contract value and length
 - 5.1.3 Anticipated cashflow implications.
- 5.2 All contracts not included in the Service Area's Budget documentation or other Committee approved plan must obtain explicit Authorisation to proceed to tender or seek quotations.
- 5.3 Contracts submitted to the relevant Cabinet Committee for Authorisation must be accompanied by a Committee Report as per the Committee submission deadlines (usually three to four weeks in advance of the meeting).
- 5.4 Contracts requiring Authorisation from the relevant Cabinet Member must be submitted with a Delegated Powers Report. As Cabinet Member decisions are subject to Scrutiny it is advisable to time submissions with planned Scrutiny meetings.

Acceptance Procedures

- 5.5 All contractors tendering for supplies or services valued at £144,371 or more or works valued at more than £500,000 are subject to enquiries as to their financial status as detailed in section 0.
- 5.6 Where a tender is Accepted on the basis of value for money rather than simply choosing the lowest priced tender, the Head of Service must consult the Chief Finance Officer and justify the decision in writing. This justification should be included in the Gateway Review forms where applicable. Where there are no forms required as part of the procurement process the decision should be recorded along with the key contract documentation for audit purposes.
- 5.7 The points at which Authorisation and Acceptance are required in the tendering process are set out in the Summary Contract Procedure Rules.

6 Selecting Contractors

European tender procedures and thresholds

- 6.1 EU Regulations apply when public authorities or utilities propose to award contracts:
- 6.1.1 Where the value of the contract estimated exceeds the specified threshold as set out in Table 6-1;
 - 6.1.2 Where the contract is subject to EU procurement regulations (see Table 6-2, Table 6-3 and the full EU Checklist at Appendix 2; and
 - 6.1.3 Which are not otherwise specifically excluded, for example on grounds of secrecy.

Table 6-1: EU Public Procurement Thresholds

Contract	Threshold value*
Supplies	£144,371
Works	£3,611,319
Services	£144,371

*Thresholds are valid for 2006 to 2007.

- 6.2 In general, contracts covered by EU Regulations must be the subject of a call for competition by publishing a contract notice in the Official Journal of the EU (OJEU) and its electronic equivalent Tenders Electronic Daily. In most cases the time allowed for responses or tenders must be no less than a specified period. See Table 6-4 for details.
- 6.3 For Services contracts, the rules apply in full only to contracts for, what are called, Part A Services. See Table 6-2 and Table 6-3 for the broad categorisation of Part A and B Services and Appendix 1 to the Code of Practice for a detailed list of these Services.

Table 6-2: Part A Services

Category Reference	Part A Services
1	Maintenance and repair of vehicles and equipment
2	Transport by land, including armoured car services and courier services but not including transport of mail and transport by rail
3	Transport by air but not transport of mail
4	Transport of mail by land, other than by rail and by air
5	Telecommunications services other than voice telephony,

Category Reference	Part A Services
	telex, radiotelephony paging and satellite services
6	Financial Services: (a) Insurance Services (b) Banking and Investment services other than financial services* in connection with issue, sale, purchase or transfer of securities or other financial instruments, and central bank services
7	Computer and related services
8	R&D services where the benefits accrue exclusively to the purchaser for its use in the conduct of its own affairs and the services are to be wholly paid for by the purchaser
9	Accounting, auditing and book-keeping services
10	Market research and public opinion polling services
11	Management consultancy services and related services, but not arbitration and conciliation services
12	Architectural services Engineering services and integrated engineering services Urban planning and landscape architectural services Related scientific and technical consulting services Technical testing and analysis services
13	Advertising services
14	Building-cleaning services and property management services
15	Publishing and printing services on a fee or contract basis
16	Sewerage and refuse disposal service Sanitation and similar services

* This exception does not apply in the utilities sector.

Table 6-3: Part B Services

Category Reference	Part B Services
17	Hotel and restaurant services
18	Transport by rail
19	Transport by water
20	Supporting and auxiliary transport services
21	Legal services
22	Personnel placement and supply services
23	Investigation and security services, other than armoured car services
24	Education and vocational education services
25	Health and social services
26	Recreational, cultural and sporting services
27	Other services

6.4 The Regulations set out **detailed criteria** for:

6.4.1 The **specification of requirements**, referring wherever possible to relevant European specifications, and avoiding references which would have the effect of favouring or eliminating suppliers, contractors, products or services;

6.4.2 The **rejection or selection of tenders** based on:

6.4.2.1 Evidence of their personal position – that they are not suitable to be selected on grounds of, for example, bankruptcy, conviction of a criminal offence or failure to pay taxes;

6.4.2.2 Their economic and financial standing – for example that they are judged to be financially sound on the basis of their annual accounts;

6.4.2.3 Their technical capacity – for example, that they will be adequately equipped to do the job and that their track record is satisfactory; and for services

6.4.2.4 Their ability;

- 6.4.3 The **award of contracts** – either various criteria for determining which offer is the “most economically advantageous” to the purchaser or “lowest price” alone.
- 6.5 The criteria are designed to avoid discrimination on grounds of origin in a particular Member State and to ensure that all suppliers or contractors established in Member States are treated on equal terms.
- 6.6 Only three award procedures are provided for:
- 6.6.1 The **open procedure**, under which all interested persons may tender for the contract;
- 6.6.2 The **restricted procedure** under which only selected persons may submit tenders for the contract; and
- 6.6.3 The **negotiated procedure** under which a purchaser may negotiate the terms of the contract with one or more persons selected by it. As a general rule there must be a call for competition.
- 6.6.4 The **competitive dialogue** under which a purchaser may negotiate the terms of the contract with one or more persons selected by it. It is used for “particularly complex contracts” where the authority is not objectively able to define the technical means capable of satisfying its needs or objectives, or specify either the legal or financial make up of a project. As a general rule there must be a call for competition.
- 6.7 Under the restricted and competitive negotiated procedures there must be a sufficient number of participants to ensure genuine competition. Normally, the minimum will be three.
- 6.8 The application of the competition rules to each of the main contract types is set out in Table 6-4 below.

Table 6-4: Application of EU Competition Rules to Works, Supplies and Services

Competition Rules	Public Works Contracts	Public Supplies Contracts	Public Services Contracts
Definition	Contracts for the carrying out of civil engineering or building works or under which a purchaser engages a person to procure by any means the carrying out for the purchaser of a work corresponding to specified requirements.	Contract for the purchase or hire of goods and for any siting or installation of those goods.	Contract under which a contracting authority engages a person to provide services. Rules apply in full to Part A Services. Competition rules do not apply to Part B Services

Competition Rules	Public Works Contracts	Public Supplies Contracts	Public Services Contracts
Thresholds	£3,611,319	£144,371	£144,371
Exclusions from Regulations	No general exclusions apart from standard exclusions such as secret projects.	No general exclusions apart from standard exclusions such as secret projects.	In addition to the standard exclusions (e.g. secret projects), there are several other exclusions including: employment contracts; contracts for certain telecommunications services; for land; for broadcasting material and broadcasting time; for arbitration or conciliation services; for certain financial and research services and for contracts with another public authority which has an exclusive right to provide the service as necessary for its provision (see table 6.3 Part B Services)
Award procedure	Open procedure or restricted procedure should normally be used. Negotiated procedure (with a call for competition) may be used where: 1) works are purely for the purposes of research or experiment 2) the nature of works do not permit prior overall pricing	Open procedure or restricted procedure should normally be used. The negotiated procedure (with a call for competition) may only be used in exceptional circumstances.	Open procedure or restricted procedure should normally be used. Negotiated procedure (with a call for competition) may be used where: 1) the nature of services does not permit prior overall pricing 2) the nature of services cannot be sufficiently well specified to permit the use of the open or restricted procedure.
Exceptions from requirements for competition	Negotiated procedure without a call for competition can be used where for technical or artistic reasons the contract can only be carried out by a particular person or where a design contest is being followed.	Negotiated procedure without a call for competition may be used where: 1) works are purely for the purposes of research or experiment 2) for technical or artistic reasons the contract can only be carried out by a particular person.	Negotiated procedure without a call for competition may be used where: 1) for technical or artistic reasons the contract can only be carried out by a particular person. 2) where the rules of a design contest require the contract to be awarded to one of the successful contestants if all are invited to negotiate it.

6.9 The main EU tender processes – Open, Restricted, Negotiated and Competitive Dialogue – and incorporating Barnet’s Gateway Review process are detailed in Table 6-5 below and summarised graphically in the Summary Contract Procedure Rules.

Table 6-5: Summary EU Tender Processes including Gateway Review Process

Ref	Procurement Stage	Tender process
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		Negotiated	Restricted	Open
1	Procurement Initiation Develop business justification for procurement. Should include: 1. Statement of business needs 2. Options analysis 3. Affordability analysis 4. Procurement Strategy 5. Risk assessment	√	√	√
2	Authorisation The procurement must be Authorised before the process can proceed. If the procurement has been included in the Service Area's Budget documentation then it is already Authorised. If not, then it must be explicitly Authorised as set out in the Contract Procedure Rules.	√	√	√
3	Tender number A tender number must be obtained through entering the contract into the Contract Database. Contact your SAPO for more details.	√	√	√
4	Prior Indicative Notice (PIN) Should include Barnet details; intended procurement value; estimated date for tender procedures and awards.	Only required for contracts valued at more than £513,166 for supplies and services or £3,611,319 for works.	Only required for contracts valued at more than £513,166 for supplies and services or £3,611,319 for works.	Only required for contracts valued at more than £513,166 for supplies and services or £3,611,319 for works.
5	Procurement Development	1. Draft business prospectus setting out the high level requirements for the contract. 2. Draft prequalification questionnaire (PQQ), evaluation framework and scorecard for the PQQ.	1. Draft business prospectus setting out the high level requirements for the contract. 2. Draft prequalification questionnaire (PQQ), evaluation framework and scorecard for the PQQ.	1. Develop tender docs incl. Specification of Requirements and draft contract Terms & Conditions. 2. Draft evaluation framework.
6	Gateway Review Check 1 Appropriate Gateway Review Form must be completed and submitted to the SPT for approval before proceeding with the procurement.	√	√	√
7	OJEU Notice The procurement must be advertised in the Official Journal of the European Union (previously Community - OJEC). The	√ Must allow 37 days from despatch (15 days in case or	√ Must allow 37 days from despatch (15 days in case of	√ Must allow 52 days from despatch for receipt of tenders,

Ref	Procurement Stage	Tender process		
		Negotiated	Restricted	Open
	content of the OJEU notice will vary depending on the tender process.	days in case of genuine urgency) for requests to participate. Notice should include a request for expressions of interest in the contract. A prequalification questionnaire should then be sent to interested parties.	days in case of genuine urgency) for requests to participate. Notice should include a request for expressions of interest in the contract. A prequalification questionnaire should then be sent to interested parties.	receipt of tenders, or 36 (minimum 22) days where a PIN has been published. Notice should include the invitation to tender for the contract.
8	Prequalification and long-listing 1. Companies are evaluated and down selected on the basis of: - Personal position (bankruptcy, criminal records etc) - financial and economic standing (to be undertaken by the Chief Finance Officer); - technical capacity; - technical capability. 2. Produce an evaluation report justifying conclusions.	√	√ Select a minimum of five tenders	X
9	Invitation to tender 1. Tender docs incl. Specification of Requirements and draft contract Terms & Conditions must be developed prior to ITT. 2. Draft evaluation framework. 3. Issue ITT to long/short listed companies.	√	√ After ITTs have been issued, must allow 40 days, or 26 where a PIN has been published (or 10 days in case of urgency), for receipt of tenders.	X Already done through the OJEU notice.
10	Evaluation of tenders 1. Evaluate tenders 2. Produce an evaluation report justifying conclusions. 3. Announce shortlist or preferred bidder	√ Shortlist or preferred bidder for contract	√ Preferred bidder	√ Preferred bidder
11	Contract Negotiations	1. Negotiate with shortlisted suppliers on technical and commercial issues. 2. Announce preferred bidder and finalise details.	X	X

Ref	Procurement Stage	Tender process		
		Negotiated	Restricted	Open
12	Standstill Period Following the Alcatel Judgement, a period of at least 10 days between communicating the award decision to all tenderers and contract conclusion.	√	√	√
13	Acceptance 1. The contract must be formally accepted by either the delegated Cabinet Member for the Service Area or the relevant Head of Service (see Authorisation and Acceptance procedures in Contract Procedure Rules for details). 2. Statutory Officer clearance is also required before Contract Award.	√	√	√
14	Contract Award 1. Award Contract 2. Send Contract Award Notice to SPT who will send it on to OJEU. The Notice must reach OJEU no later than 48 days after contract award. 3. Record details of award in the relevant Gateway Review Form and send to SPT for inclusion in statistical return.	√ A justification for using the negotiated procedure must be included in the Gateway Review Form.	√	√
15	Contract Management and Monitoring Appropriate contract management and monitoring arrangements must be put in place. These should be integral to the contract terms and conditions.	√	√	√
16	Gateway Review Check 2 Six months after contract start, the SPT will undertake a review of the contract to ensure appropriate contract management and monitoring arrangements are in place.	√	√	√

- 6.10 For further information on the EU Procurement Rules and Regulations please contact a Procurement Advisor from the SPT.

Barnet tender procedures

- 6.11 Where not subject to any statutory requirements or exempt from tendering, contracts should follow one of the procurement routes listed below:

6.11.1 Barnet tendering processes:

6.11.1.1 Open process;

6.11.1.2 Restricted process;

- 6.11.1.3 Negotiated process;
 - 6.11.1.4 Competitive Dialogue process;
 - 6.11.2 Consortia Purchasing;
 - 6.11.3 Approved lists;
 - 6.11.4 E-tendering and/or e-auctions.
- 6.12 Each of these procedures is discussed in more detail below.

Barnet Tender Procedures

Requirements for Seeking Tenderers by Giving Public Notice

- 6.13 This section sets out the method for seeking tenders by giving public notice.
- 6.14 A public notice must be placed in at least one newspaper circulating in the borough.
- 6.15 The notice must give details of the contract and invite written expressions of interest in tendering for the contract.
- 6.16 The notice must state the period within which expressions of interest must be received. The deadline must be at least ten days from the date of the advertisement.
- 6.17 The relevant Head of Service shall authorise two suitably experienced officers to select the short listed tenderers. Only one of them may be directing the project.
- 6.18 From those expressing an interest or the in-house service, the officers must select a minimum of 5 persons to be invited to tender. In relevant cases persons proposed by a recognised tenants association or by any other body with equivalent rights may also be selected.
- 6.19 The tenderers must be selected on relevant and fair criteria. EU Legislation sets out specific requirements for this.
- 6.20 A contractor is entitled to be told the reason for not being selected if they ask.
- 6.21 The relevant Head of Service should use the Gateway Review form to record the particulars of the contract, the names of those expressing an interest, their selected shortlist and reasons for this selection.

Barnet Tender Procedures

6.22 The details of Barnet’s negotiated, restricted and open procedures can be found in the table below. These are summarised graphically in the Contract Procedure Rules Snapshots.

Table 6-6: Barnet Tendering Procedures

Ref	Procurement Stage	Barnet tender process		
		Negotiated	Restricted	Open
1	Procurement Initiation Develop business justification for procurement. Should include: 1. Statement of business needs 2. Options analysis 3. Affordability analysis 4. Procurement Strategy	√	√	√
2	Authorisation The procurement must be authorised before the process can proceed. If the procurement has been included in the Service Area’s Budget documentation then it is already authorised. If not, then it must be explicitly authorised as set out in the Contract Procedure Rules.	√	√	√
3	Tender number A tender number must be obtained through entering the contract into the Contract Database. Contact your SAPO for more details.	√	√	√
4	Procurement Development	1. Draft business prospectus setting out the high level requirements for the contract. 2. Draft prequalification questionnaire (PQQ), evaluation framework and scorecard for the PQQ.	1. Draft business prospectus setting out the high level requirements for the contract. 2. Draft prequalification questionnaire (PQQ), evaluation framework and scorecard for the PQQ.	1. Develop tender docs incl. Specification of Requirements and draft contract Terms & Conditions. 2. Draft evaluation framework.
5	Gateway Review Check 1 Appropriate Gateway Review Form must be completed and submitted to the SPT for approval before proceeding with the procurement.	√	√	√
6	Public Notice	√	√	√

Ref	Procurement Stage	Barnet tender process		
		Negotiated	Restricted	Open
	The procurement must be advertised in: - at least one newspaper circulating in the borough; and - at least one relevant trade or professional journal.	The notice should include a request for expressions of interest in the contract. A prequalification questionnaire should then be sent to interested parties.	The notice should include a request for expressions of interest in the contract. A prequalification questionnaire should then be sent to interested parties.	Should include the invitation to tender for the contract.
7	Prequalification and long-listing 1. Companies are evaluated and down selected on the basis of: - Personal position (bankruptcy, criminal records etc) - financial and economic standing (to be undertaken by the Chief Finance Officer); - technical capacity; - technical capability. 2. Produce an evaluation report justifying conclusions.	√	√	X
8	Invitation to tender 1. Tender docs incl. Specification of Requirements and draft contract Terms & Conditions must be developed prior to ITN. 2. Draft evaluation framework. 3. Issue ITN to short listed companies.	√	√	X Already done through public notice.
9	Evaluation of tenders 1. Evaluate tenders 2. Produce an evaluation report justifying conclusions. 3. Announce shortlist or preferred bidder	√ Shortlist or preferred bidder for contract	√ Preferred bidder	√ Preferred bidder
10	Contract Negotiations	1. Negotiate with shortlisted suppliers on technical and commercial issues. 2. Announce preferred bidder and finalise details.	X	X
11	Acceptance 1. The contract must be formally accepted by either the delegated Cabinet Member for the Service Area or the relevant Head of Service (see Authorisation and Acceptance	√	√	√

Ref	Procurement Stage	Barnet tender process		
		Negotiated	Restricted	Open
	procedures in Contract Procedure Rules for details). 2. Statutory Officer clearance is also required before Contract Award.			
12	Contract Award 1. Award Contract 2. Record details of award in the relevant Gateway Review Form and send to SPT.	√ A justification for using the negotiated procedure must be included in the Gateway Review Form.	√	√
13	Contract Management and Monitoring Appropriate contract management and monitoring arrangements must be put in place. These should be integral to the contract terms and conditions.	√	√	√
14	Gateway Review Check 2 Six months after contract start, the SPT will undertake a review of the contract to ensure appropriate contract management and monitoring arrangements are in place.	√	√	√

Consortia Purchasing

6.23 Procurement of works, supplies or services through a Consortium may be approved by the relevant Head of Service if:

6.23.1 The Consortium has been approved by the Assistant Chief Executive;

6.23.2 The terms and conditions of any proposed contract have been approved by the Borough Solicitor;

6.23.3 And the contract owner has obtained the required number of comparative quotations (as determined by the value of the proposed contract) to ensure the Consortium purchasing arrangements represent value for money.

Approved Lists

6.24 Approved lists may only be used where the Strategic Procurement Team has established an approved list or has agreed the use of a national

approved list or register for persons to be invited to tender for such contracts.

6.25 Every approved list or agreed national register shall:

6.25.1 contain the names of contractors approved for works, services or supplies of that kind;

6.25.2 specify the value of contracts and in particular the maximum aggregate value per annum that may be placed with each contractor.

6.26 All decisions about approved lists or agreed national registers must be taken by the Head of the Strategic Procurement Team.

Selecting Tenderers from Approved Lists

6.27 At least five persons must be invited to tender. The relevant Head of Service shall authorise a suitably experienced officer to select the tenderers.

6.28 At least one third (rounded up to the nearest whole number) of the tenderers must be selected on a random basis. The random selection must be authentically random and applied fairly to all the persons currently on the list. The remainder of the tenderers must be selected on the basis of technical merit and value for money.

6.29 A contractor who asks is entitled by statute to be told the reason for non-selection.

6.30 Only persons selected from the list or the in-house service may be invited to tender, except that in relevant cases persons proposed by a recognised tenants association or by any other body with equivalent rights may also be selected.

6.31 The relevant Head of Service shall record the details of the selection process as part of the procurement process. This information should be captured in a Gateway Review form where applicable. The information must include the name of each contractor selected and the reason for choosing that contractor, e.g. random selection, proven quality or value for money.

6.32 The use of approved lists avoids the need for advertising the contract. However, once a shortlist of contractors has been selected from the approved list, the procurement process followed should reflect the appropriate Barnet Tender process as set out from stage 8 onwards in Table 6-6.

Reviewing and Compiling Approved Lists

- 6.33 The Strategic Procurement Team will re-tender approved lists at least every three years.
- 6.34 The tender process should follow a Barnet tender process as set out above. The outcome of this process should be the compilation of a list of organisations who are able to undertake works, services or supplies as required. The maximum value of contracts to be awarded to an organisation will be determined by the Head of Strategic Procurement Team in line with paragraph 0.
- 6.35 Between reviews, the Head of the Strategic Procurement Team may remove a person's name from a Council approved list, and/or suspend them from inclusion in any Council approved list for a period, if it is satisfied that there are grounds for so doing. However, names may only be added to a Council approved list at a review point.
- 6.36 Between reviews the body may change the contract values for a contractor on a Council approved list if the Chief Finance Officer or Chief Auditor so recommends.

E-tendering and e-auctions

- 6.37 E-tendering and e-auctions are an electronic method of tendering for works, supplies or services. The procurement process that is followed will depend on the route chosen (see Table 0-1, Sections 6.6 and 6.8 for details). However, the SPT will control and manage all electronic tenders and auctions to ensure the integrity and electronic security of the process.

General Tendering Requirements

Tender tracking

- 6.38 All tenders or quotations of £144,371 or more must have a tender number which can be obtained by entering the contract details into the SPT's contract database. This may be done by contacting your Service Area's nominated Procurement Officer who has access to the database and will input the details for you and obtain a tender number. A list of the Service Area Procurement Officers can be found at Appendix 1.
- 6.39 The aim of the tender number is to enable contracts to be tracked throughout their life cycle, from tender development through to contract award and finally contract re-letting.
- 6.40 As part of the monitoring process, Gateway Review Forms must be submitted to the Strategic Procurement Team for all contracts valued at £144,371 or more. The aim of the Gateway Review Forms are:

- 6.40.1 to assist Service Areas by setting out the process to be followed for the different tender processes
- 6.40.2 to ensure that appropriate preparation is undertaken for large procurements;
- 6.40.3 to provide an audit trail for procurements; and
- 6.40.4 to enable the SPT to retain an oversight of all large procurements being carried out by the Authority.

Gateway Review Process

- 6.41 All tenders for services or supplies valued at £144,371 or more, or tenders or quotations for works greater than £500,000 are subject to two compulsory Gateway Review checkpoints.
- 6.42 The aim of the Gateway Review checks is to quality assure all large procurements before tenders or quotations are sought, and to ensure appropriate contract monitoring arrangements are in place post contract award. The checkpoints are as follows:
 - 6.42.1 At Gateway Review Checkpoint 1 the proposed procurement must be approved by the Strategic Procurement Team before going to public notice, seeking tenders or quotations;
 - 6.42.2 At Gateway Review Checkpoint 2 the contract monitoring arrangements are reviewed by the Strategic Procurement Team six months after contract award.
- 6.43 There are five Gateway Review forms to choose from depending on the type of the contract and/or process followed:
 - 6.43.1 Tenders for Works, supplies and services contracts valued at £144,371 or more must be accompanied by the Gateway Review General Form;
 - 6.43.2 Works, supplies or services valued at £144,371 or more and purchased by means of an approved list should be accompanied by the Gateway Review Approved Lists Form;
 - 6.43.3 Works, supplies or services valued at £144,371 or more and purchased through a Consortium should be accompanied by the Gateway Review Consortia Purchasing Form;
 - 6.43.4 Social Care and Temporary Housing services valued at between £500,000 and £1 million must be accompanied by the Gateway Review Social Care and Temporary Housing Form. All procurements valued at more than £1 million are not dealt with

separately and should therefore follow the process as set out in the Gateway Review General Form.

- 6.43.5 Procurements which are not subject to the Contract Procedure Rules for reasons of urgency must be accompanied by the Urgent Procurement Form.

Financial requirements

- 6.44 If the cost of a contract is expected to exceed £150,000 or more for supplies or services or £500,000 for works then contractors must be subject to a financial evaluation as part of the selection process.
- 6.45 This evaluation should be undertaken by:
- 6.45.1 The contract owner if the contract is valued at less than £1 million;
- 6.45.2 The Chief Finance Officer if the contract is valued at £1 million or more. The Chief Finance Officer will complete this financial evaluation in a period not exceeding two weeks.

Financial evaluations

- 6.46 Where the contract is valued at less than £1 million, the contract owner should:
- 6.46.1 Calculate the financial ratios set out in Table 7 below, ensure that they meet the minimum requirements and record them; and
- 6.46.2 Where the contract is valued at more than £500,000, request a financial report for each tenderer. These should be requested from the Strategic Procurement Team.
- 6.47 Where the contract is worth more than £1 million, the Chief Finance Officer will perform the financial evaluation. The contract owner must forward the audited annual reports for the previous two years for each tenderer to the Chief Finance Officer.
- 6.48 Service Areas will be recharged for the cost of financial evaluations, services should allow for these costs within their revenue budget.

Table 7: Financial Evaluations

Ratios / Criteria	Calculation	Explanation	Minimum Requirements
Acid test / Quick ratio	Liquid assets (i.e. current assets less stocks) /	Liquidity ratios provide a measure of a company's ability	As a general rule, ratio should be around 1.00,

	Current liabilities	to pay its debt.	but industry averages can be lower.
Interest cover ratio	Net profit before interest and tax / loan and debenture interest	This shows how well a company can cover its interest payments.	
Gearing	Debt / Equity x 100% or (Loan Capital + Short term Loans) / (Share Capital + Retained Profit)	The level of gearing indicates company's ability to obtain funds (borrow money)	This needs to be compared with the industry average. However, a ratio of up to 0.5 indicates company should have little difficulties obtaining further loans
Profit on Sales (ROS)	(Profit before Interest & Tax) / (Annual Sales Revenue) X 100%	This measure provides an indication of a company's profitability. Check business performance against other's in the industry to see if profit margins are excessive or not	The greater the better but check against competitor margins not excessive
Net Worth to Total Assets	(Share Capital + Retained Profit – Intangible assets) / (Fixed Assets + Current Assets) X 100%	Long term Stability - Identifies proportion of business that is funded by the assets of a company rather than funded by shareholders or other lenders.	The greater the percentage the more stable the company should be.
Council Business as % of total Company Revenue	(Annual Contract value(s)) / Total Company Revenue * 100	A company should not be overly dependent on the Council for business	Less than 25%
Bond (or similar performance guarantee)		Bond or parent company guarantee may be required to ensure service continuity. Not required until development of contract terms and conditions.	For all contracts greater than £300,000 or where the Borough Solicitor so determines

7 Social Care and Temporary Housing Contracts

- 7.1 No further information is provided on Social Care and Temporary Housing Contracts. If further assistance is required, please contact the Strategic Procurement Team.

8 Receipt and Opening of Tenders

8.1 No further information provided.

9 Post Tender Negotiations

9.1 If you require post tender negotiations outside of the negotiated tender procedure, then you must contact the Head of the Strategic Procurement Team before you may proceed.

10 Tender and Contract Details

General

10.1 For further information on tender contents please speak to a member of the Strategic Procurement Team.

10.2 For further information on contract contents, please speak to Jeff Lustig, the Borough Solicitor.

Official Orders

10.3 All purchase orders are to be processed using the EBP/SAP system. For further information on order processing please contact the Strategic Procurement Team.