

Finance and Resources Committee 18 September 2007

Tendering policy and process update

**Executive Summary and Recommendations** 

### 1. Introduction

#### 2. Decision

The Committee is requested to approve the Tender Policy and Process document.

## 3. Background information

In late 2005, a Tendering Process was documented and noted by the Finance & Resources Committee, following their approval of the Procurement Process (refer Appendix Two). The documented Tendering Process included Tendering Policies.

Following the latest amendments to the Financial Regulations, an action point arose for the Finance & Resources Committee to review the details of the Tendering Policy (refer minutes of 21 June Finance & Resources Committee Meeting, 12.07/87/12.4). The updated Tendering Policy and Process is attached – refer Appendix One.

# 4. Resource implications

Nil

# 5. Financial implications

### 6. Background papers

Nil

### 7. Appendices

Appendix One – Tendering Policy & Process Appendix Two – Procurement Process

# 8. Date of paper

6<sup>th</sup> September 2007

#### **APPENDIX ONE**

#### Tender Policy & Process (Box 2 of the Procurement Process)

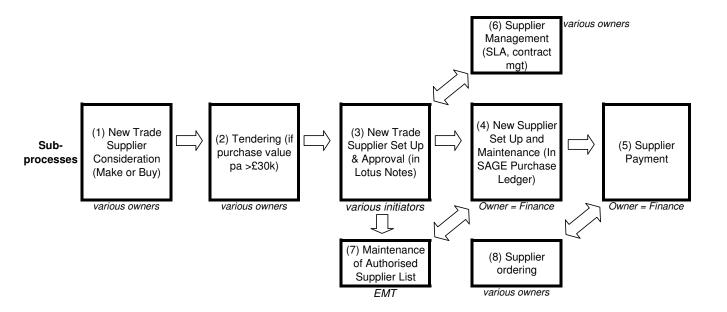
- a) Contracts and the process through which they are procured must be open and transparent, with the successful contractor being chosen on the basis of a fair and competitive process. All tenders should be based on a written specification, supplied by HPC for the services to be rendered or goods supplied.
- b) The trigger for a new supplier tender is when the set of goods or services from a new supplier is greater than £30,000 VAT inclusive 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.
- c) Tenders may be sought for projects or core, operational services. An example of a core service is FTP legal costs.
- d) There is no minimum set-time to trigger the requirement for a tender. Typically the trigger would be one of the things outlined in Step One below.
- e) Tenders need not be sought every time a piece of work for greater than £30,000 per annum is outsourced. For example, an existing supplier may be used for successive pieces of work each costing greater than £30,000 in the same year. However, the Dept manager should consider initiating a tender for ongoing services from such a supplier, at least once every four years, to ensure contestibility (value for money and impartiality) can be demonstrated.

Step Vho?	One Dept Manager	Two Dept Manager	Three Dept Manager	Four Dept Manager
	Trigger:	Identify and short-list	Select the best	Initiate the
	End of existing	likely suppliers.	supplier for the job.	New Supplier set
	supplier contract is	Send each of them a		up process (Box 3
	reached, or a new	Request for Proposal	Agree a contract	of the Procuremen
	supplier is required	(RFP) document and	or service level	Process
	For example,	a request for the	agreement (SLA)	
	dissatisfaction with	latest copy of their	with the supplier	
	the current service, or	audited financial	in writing and keep	
	a completely new	statements.	a file copy.	
	service is required.			
		Ask Finance Dept to	Consider:	
	Qu: Is the value	run a quick Supplier	Service Quality	
	of the ongoing	Credit check on the	Price	
	supplier service	supplier's solvency	Length of contract	
	> £30k per annum?	(in case they are	After-sales	
	If Yes, proceed to	about to go	support	
	Step Two. If No, proceed	bankrupt).	Response times	
	directly to Box 3	Note		
	of the Procurement	Unless the supplier		
	Process	provides audited		
	Tiocess	financial statements.		
		,		
		their figures cannot be relied upon.		

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### **APPENDIX TWO**

# **HPC PROCUREMENT PROCESS**



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