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Guide to Tender Evaluation

Introduction

The purpose of a tender evaluation is to identify which bid offers the most economically advantageous proposal based on the criteria specified in the invitation to tender or quote document.

Depending on the value or complexity of the contract, evaluation of contractors can be done in two stages:

- The Pre-Qualifying (or selection) stage - This allows you to identify a short list of suppliers most suitable to bid for your requirements. It is seen as a tool to look at the companies past performances and current practices.

- The Invitation to Tender stage - This is the chance to ask what a company will do to meet your needs and evaluate how much the service, goods or works will cost.

If you use a two stage process you cannot ask for solutions to your needs at stage 1, and conversely cannot ask for details of past performance or experience when you are asking them to provide a solution for you. However if you need them to back up a solution that is being offered then proof that it has worked or provided the necessary benefits can be requested.

In some instances, for example when running a low value procurement, or where the market has a small number of suppliers, a single stage (open) tender may be required to encourage bids through a quicker and simpler process.

You should still use qualifying (or selection) questions which ensure that the company that you consider to supply to you is financially, technically and legally capable of fulfilling the contract, no matter how good the price / solution may be!

2. Pre-Qualification Questionnaires

A Pre-Qualification Questionnaire (PQQ) is an evaluation document used to identify a short-list of suitable companies to invite to tender when restricted and competitive dialogue procedures are used.

The questionnaire should be used to identify if the applicants have the relevant capacity (financial and resources), experience and expertise to fulfil the contract.

A PQQ must not be used to evaluate possible solutions that the company may offer and any criteria used at the pre-qualification stage should not be used again or revisited when evaluating the invitation to tender.

Many elements in a PQQ are Pass / Fail and may require input from specialist officers (such as Finance to undertake a financial assessment).

Where sections of the PQQ are to be scored in order to rank bidders, please read the sections on applying weightings and scoring structures.

If references are required these must be obtained at PQQ stage as once a company is short listed, you can no longer assess their performance in this way.

A more effective way of assessing a company's previous performance is for them to provide detailed case studies which you can then use to follow up with the original contractor.

When using an open tender procedure, the questions normally asked at PQQ should be included as part of the invitation to tender.

The evaluation of the tenders should be undertaken in the same manner as a restricted procedure, first assessing the capability and capacity of all bidders (stage 1 - PQQ evaluation) to identify any which can be eliminated on that basis and to produce a short list to assess at stage 2 (tender evaluation).

The number of questions and amount of information required must be commensurate to the value, criticality and length of the contract, do not restrict your market or discriminate against suppliers without a valid reason.

3. Evaluation Criteria

Fundamental to any tender evaluation is the Quality/Cost % Ratio used. The weighting given should take into consideration, the value of goods / works / services (cost), and for quality any risk associated with the contract and how critical it is to have the contract in place.

Tenders should be assessed on the value for money they offer the authority through the whole-life cost of the contract and the benefits that meet the customers' requirements.

To achieve this, the **cost** / **quality** ratio should be applied to the evaluation methodology.

When running a competitive tender using a framework agreement let by another public sector organisation (e.g. Government Procurement Services) we are obliged to use whatever Quality / Cost ratio was contained within the original OJEU (Official Journal of the European Union) advertisement / Invitation To Tender for that particular contract.

4. Cost Criteria

Costs should always be based on the whole life cost (WLC) involved with the goods / works / services to be procured.

WLCs comprise all costs to the council of acquiring, owning, maintaining and disposing of goods, services or works. If the duration of a contract is unknown due to maintenance, licensing etc., assume the value of the contract at 48 months (4 years) and structure the cost evaluation to consider costs for this period.

5. Quality Criteria

Quality Criteria should represent the key issues for consideration when assessing the suitability of a bid proposal. The list below provides an indication of the types of criteria that may be included. These will vary dependent on the goods / services / works being procured.

- Technical merit
- Aesthetic and functional characteristics
- Environmental characteristics
- After sales services
- Technical assistance
- Delivery date, delivery period and period of completion

6. Weightings

Each quality criteria should be allocated a score to signify to bidders the relative importance of each area. The maximum 'score' should equal the total quality ratio applied. E.g. For a Routine procurement with Cost 60%, Quality 40%. There should be a maximum of 40 marks available, split between the quality criteria.

When the scoring model is applied the response to each criterion will then be awarded a proportion of the 'marks available' dependent on the score they achieve.

7. Key Principles of Evaluation

- **Fairness**: Each bid deserves equal treatment and assessment and scores should be applied consistently.

- **Confidentiality:** All bids during a tender process are confidential and should not be discussed with any person not involved in the evaluation process.

- **Security:** All bid documentation must be stored securely during the evaluation period. Any electronic versions should be transferred using secure encryption methods.

- **Evaluation:** criteria Bids can only be assessed against the criteria issued in the invitation to tender (ITT). Any criteria not included in the ITT cannot be considered or scored at evaluation stage. Scores cannot be awarded or withheld because of the structure of the bid or how 'easy' it is to assess.

- **Bid content:** Bids can only be assessed based on what information is provided with the submission. Assumptions should not be made regarding proposals and prior knowledge of any bidder cannot be taken into account. At Tender stage only the proposal can be evaluated – not the company.

- **Scoring:** All bids must be scored based on their performance against a set scoring model which must be included in the ITT document. Bids should not be compared with others to determine scores.

8. Evaluation Panels

Evaluation panels should be identified prior to the issue of ITT documents to ensure that the panel understand and agree with the evaluation criteria to be applied.

The panel should include representation from the key stakeholder areas.

A panel should have a minimum of 2 members for smaller projects limited to one area and a minimum of 3 members for larger projects or those affecting multiple areas / teams.

For larger projects, Project Managers may join the panel to evaluate or to facilitate the process as appropriate.

Evaluation panels should be kept consistent throughout the tender process where possible.

Evaluation panel members have a responsibility to understand the specification and the evaluation criteria. Prior to the receipt of bids, the panel must decide who will evaluate which sections.

In most cases, the Business ,Financial , Price and Governance components will be carried out specialist officers as arranged by the Procurement Team and the technical elements (method statement – quality questions) will evaluated by Evaluation panel . The panel must ensure that all areas can be competently assessed by officers with suitable knowledge and understanding of the respective area they are evaluating.

Panel members must also ensure they understand the time commitment and resource they will be required to contribute in order to evaluate the responses.

Where this is unclear, guidance should be sought from the lead Procurement / project officer.

All Evaluation Panel members should complete and return to the Procurement Manger the "Tender Evaluation Panellist Declaration regarding any Conflict of Interest and Confidentiality Undertaking" before commencing the evaluation process .

Any Evaluation Panel member with an actual or potential conflict of interest should not participate in the evaluation process and be replaced by another Officer.

9. Evaluation Process

Prepare a structured scoring matrix to record scores and notes made by the evaluation panel and distribute this electronically to all members of the evaluation panel.

Eliminate any late submissions not received by the published deadline.

Allow the evaluation panel members access to the bids in a secure manner.

Eliminate any submission that has submitted an incomplete bid i.e. failed to provide answers where required.

Each panel member is required to independently read and score each criteria for each bid using the predetermined scoring model:

5	Superior	Sound achievement of the requirements specified in the tender offer & presentation for that criterion. Some minor errors, risks, weaknesses or omissions, which may be acceptable as offered
4	Good	Satisfactory achievement of the requirements specified in the tender offer & presentation for that criterion. Some errors, risks, weaknesses or omissions, which are possible to correct/overcome and make acceptable.
3	Adequate	Reasonable achievement of the requirements specified in the tender offer & presentation for that criterion. Some errors, risks, weaknesses or omissions, which can be corrected/overcome with minimum effort.
2	Inadequate	Minimal achievement of the requirements specified in the tender offer & presentation for that criterion. Several errors, risks, weaknesses or omissions, which are possible, but difficult to correct/overcome and make acceptable.
1	Poor to deficient	No achievement of the requirements specified in the tender offer & presentation for that criterion. Existence of numerous errors, risks, weaknesses or omissions, which are very difficult to correct/overcome and make acceptable.
0	Unacceptable	Totally deficient and non-compliant for that criterion.

In addition to awarding a score, panel members must write notes justifying the score they have selected. Notes are used in the scoring moderation and to compile feedback for bidders, which is a legal requirement.

All notes may also be the subject of a future FOI request therefore it is **crucial** that notes are maintained throughout and are considered, accurate and relate solely to the relevant criteria. Consideration should be given to how the notes are worded as they may have to be produced to the party they are commenting on!

Panel members should input their scores on their electronic scoring matrix and ensure they take an electronic or printed copy to the moderation meeting.

The evaluation panel should convene and look at each response by each bidder for each criterion.

The panel should discuss their individual scores and reach agreement on a moderated score and justifying comments, taking into account each panel members perspective.

It is important that scores are not formulated by taking an average of the individual scores as this does not account for any panel member's misunderstanding of the response or different perspectives.

An average score also does not enable meaningful notes to be made. A 'moderated' score sheet should be created at this meeting to provide a record of the scores awarded.

10. Clarification

Where elements of a bid are unclear, you may need to seek clarification from the bidder. This must be communicated via the E Portal.

Where this is done, ensure clarification is requested and returned in writing and you maintain a fair approach to this with regards to all bidders.

You may decide to incorporate site visits to the supplier, or a customer of the supplier as part of the evaluation process. Presentations or demonstrations may also be used in circumstances where it is pertinent that the proposal is viewed i.e. systems procurement.

Where such additional clarification is undertaken, the following guidance must be adhered to:

- An agenda must be provided to the bidders stating what they will be expected to demonstrate to you

- The evaluation panel should make notes and can ask clarification questions about what they have been shown.

- Where any areas are not addressed by the bidders, further questions cannot be asked by the panel to prompt responses.

- Scores can only be amended where areas are addressed in the clarification. They can be increased or decreased accordingly. Where any areas are not addressed at a clarification session, scores cannot be amended.

- Site visits cannot be used to assess the bidders' capacity or capability in any way – they must only focus on aspects of the bid submitted.

11. Tender Records

All decisions made must be fully documented and all paperwork produced from the evaluation process must be kept in the tender file.

European Tender regulations require certain elements of feedback to be given to all unsuccessful bidders so it is essential that accurate and objective records are kept to ensure that constructive feedback can be provided.

Tender processes may also be subject to Audit and FOI requests.

12. Post Evaluation

Ensure notification is made through the E Portal. Template letters are available.

13. Cautionary Points

Ensure that the documentation you are asking suppliers to complete is necessary and appropriate for the value and risk of the contract you are awarding.

Be clear as to what must be provided with any bid. Companies should be encouraged to tender, not be put off by complex or confusing documents.

Asking suppliers to submit unnecessary documentation can potentially discriminate against smaller companies who do not have the time or resources to prepare a complex bid.

When evaluating a tender, you need to bear in mind that a company that has been incorporated for 18 months will not be able to submit lengthy financial histories and smaller companies may not have achieved formal quality accreditations or may have different Health & Safety regulatory requirements. Such companies should not be penalised for this if they are able to sufficiently evidence compliance in other ways.

When preparing invitation documentation, only ask questions that relate to your tender evaluation criteria. Do not waste a bidder's time by asking questions that will not form part of the evaluation process.

In making your selection you must ensure that you do not discriminate between suppliers on the grounds of nationality or location. However, it is permissible to specify where the contract must be executed (for example, provision of a local health care service), or require realistic delivery times (for example, urgent supplies must be delivered within x hours of receipt of order).

All award criteria, sub criteria and the relative weightings must be specified in the Invitation to tender and must not be changed at any time during the process. They must also be relevant to the subject matter of the contract.

If possible, ask a colleague from your team who is not involved in the procurement to read the evaluation criteria, schedule of prices and associated questions to ensure they are clear and unambiguous.

14. Tips for Effective Valuation

When scoring, have a copy of the invitation to tender at hand so you can remind yourself exactly what was asked of the bidders.

Stick to the scores available - avoid '2.5' etc. If you are unsure of a score, award whichever seems most appropriate and make notes to discuss at the moderation meeting highlighting that you felt a higher / lower score may be justified.

Prior to the moderation meeting, collate every individual's scores to see where everyone has allocated the same score. These areas need little further discussion so this can make the moderation meeting faster.

Make notes on scores as you go through the bids to prevent revisiting these areas after.

When holding clarification sessions allow time after each bidder to finalise and amend (if necessary) the scores. This prevents confusion between bids if many demonstrations are seen in one day.