Alexandra Palace the people's palace.

Procurement Policy

PROCUREMENT POLICY

1 CONTEXT AND GENERAL PRINCIPLES

1.1 This document provides the framework rules for the procurement of goods and services. It is designed to ensure:

- value for money, efficiency and effectiveness
- Trust complies with statutory procurement regulations: and,
- protect the individual procuring the goods and services by ensuring a robust audit trail is in place to support all purchasing decisions.

1.2 The Trust is required by law to follow EU Procurement Directives by virtue of its relationship with Haringey Council. The Directives set out procedures which must be followed before awarding a contract when its value exceeds certain thresholds.

1.3 To assist budget holders, ***Appendix 1*** provides an overview of the procurement procedures in flowchart form.

2. DEFINITIONS AND INTERPRETATION

a) 'the Trust' means Alexandra Park and Palace Charitable Trust

b) 'the Council' means London Borough of Haringey

d) 'EU' means European Union

e) 'Budget holder' means an individual authorised to approve expenditure on behalf of the Trust, in accordance with the Expenditure Policy. The budget holder will be the relevant senior manager or the individual to whom the senior manager has delegated authority for a particular budget area.

f) 'Senior Manager' means a member of the Senior Management Team

g) 'Board' means the Board of Trustees

h) 'ITT' means 'Invitation to Tender'

i) 'PQQ' means 'Pre Qualification Questionnaire'

3. ROLES AND RESPONSIBILITIES

3.1 The Trust has overall responsibility for ensuring that robust procurement policies and procedures exist that fulfil all statutory obligations and support the Trust in obtaining quality and value for money from all its suppliers. The Trust is directly responsible for the award of contracts in excess of £50,000.

3.2 The Trust delegates authority for the development and implementation of appropriate procurement policies and procedures to the General Manager, the Head of Finance and the Senior Management Team.

3.3 The General Manager has responsibility for ensuring that procurement policies and procedures meet the needs of the Trust and are adhered to. He/she is also responsible for awarding contracts above £25,000 but less than £50,000 as part of a tender panel. The General Manager may also waive the tender provisions in certain circumstances where the value of the contract is below £50,000.

3.4 The Head of Finance is responsible for drafting and maintaining suitable procurement policies and procedures and providing training and guidance to budget holders to assist them in making purchasing decisions.

3.5 Senior Managers have responsibility for all contracts tendered and let by their department(s). They are accountable to the General Manager and the Board for the performance of their duties in relation to contract letting and management, which are;

a) to ensure compliance with EU legislation and APTL policy

b) to ensure quality and value for money are key considerations in all purchasing decisions

c) to delegate responsibility for purchasing appropriately and ensure that all relevant staff are familiar with these procedures and the Trust's Expenditure Policy

d) to ensure that proper records of all contracts, tenders etc are retained

f) to ensure effective management of all contracts in his/her area with regard to the risk and value of each contract

g) to ensure effective monitoring of expenditure in his/her area to identify the need for contractual arrangements where repeat business with a particular supplier exceeds the stated thresholds.

4. IDENTIFYING THE CONTRACT VALUE

4.1 Once a procurement need has been identified, the first step is to calculate the estimated cost of the goods or services in order to determine the correct procurement procedures. When calculating the estimated cost of goods and services for the purpose of this policy, budget holders should use the cost, **excluding VAT**, over the entire contract period. For example, a 3 year contract to supply services at £5,000 per annum would have a cost of £15,000 for the purpose of this policy.

4.2 Budget holders should be aware that the above thresholds apply to both large, one-off items of expenditure and regular on-going expenditure with the same supplier. Budget holders are responsible for monitoring expenditure levels with individual suppliers to identify the need for contractual arrangements where ongoing business with a particular supplier exceeds the stated thresholds.

4.3 Budget holders should ensure that a pre-tender estimate of anticipated costs is prepared and recorded in writing. Contracts must not be artificially under estimated or divided into two or more separate contracts in order to avoid the application of tender requirements.

5. SUMMARY OF CONTRACT THRESHOLDS

VALUE	ROUTE	APPROVAL
£0-£5K	Best value	Budget holder
£5k-£25k	3 written quotes or tender	Budget holder/tender panel to include Head of Finance
£25k-£50k	Tender or other method agreed by General Manager	Budget holder/tender panel to include General Manager
£50k+	Tender	General Manager and Board approval (or Sub Committee thereof)
£139k+ (Services)	Tender following EU procurement regulations	General Manager and Board approval (or Sub Committee thereof)

5.1 ESTIMATED VALUE LESS THAN £5,000

There is no requirement to obtain more than one quotation or follow the tender procedures, but the budget holder must act in the manner most expedient to the efficient management of the Trust.

5.2 ESTIMATED VALUE MORE THAN £5,000 BUT LESS THAN £25,000

For orders above £5,000 but less than £25,000, three written quotations should be obtained or the tender procedure should be followed. The budget holder should clearly document his/her rationale for the procurement method selected. Where a tender process is to be followed, the tender panel should include the Head of Finance.

5.3 ESTIMATED VALUE MORE THAN £25,000 BUT LESS THAN £50,000

For orders above £25,000 but less than £50,000, the tender procedures would normally be followed and the tender panel should include the General Manager. However, in some cases, the budget holder may feel that carrying out a full tender process is not in the best interests of the organisation and seek a waiver from the General Manager (see 6.1). In such cases the General Manager may determine another process for selecting a supplier which will meet best value criteria. The decision must be based on a robust business case being presented by the budget holder. The decision and procurement process elected must be properly documented.

5.4 **ESTIMATED VALUE MORE THAN £50,000**

Contracts with an estimated value of more than £50,000 must be let following a competitive tendering process.

In limited circumstances, it may be appropriate to only obtain a single tender (see 7.1d below).

5.5 **ESTIMATED VALUE MORE THAN £139,893**

Contracts for supplies or services with an estimated value of more than £139,893 fall within the EU Procurement Directives, which set out advertising requirements and minimum timescales. Budget holders are advised to contact the Head of Finance for advice on dealing with the tender exercise.

6 WAIVER OF TENDER PROVISIONS

6.1 The General Manager has the authority to waive the provisions of this document where a contract value is £50,000 or less. This may be agreed after considering a written business case presented by the appropriate budget holder. Such a decision can be taken on the following grounds;

a) the nature of the market for the goods/services to be provided (e.g. only one supplier is able to meet the Trust's specific requirements)

b) the goods or services are required in circumstances of extreme urgency which could not reasonably have been foreseen

c) it is in the Trust's overall interest

d) there are other circumstances which are genuinely exceptional

6.2 A record of the decision approving the waiver, together with the reasons for it, must be retained.

7 TENDER PROCEDURES - OVERVIEW

7.1 There are four methods for carrying out a tender process. The method to be used should be determined prior to advertising. Budget holders have a free choice as to whether to use the open or restricted tender procedures.

a) **Open tender** – interested suppliers submit a full tender in response to an advertisement. The key steps are as follows:

1. The budget holder advertises the opportunity in a suitable publication
2. Suppliers send in an expression of interest by a given deadline
3. The budget holder sends out an Invitation to Tender (ITT) and informs suppliers of the closing date
4. Following the closing date, the tenders are evaluated against agreed criteria by a panel and a decision taken

b) **Restricted procedures** – suppliers are selected on the basis of responses to pre-qualification questionnaires submitted in response to an advertisement. The selected suppliers are invited to submit a full tender. This allows budget

holders to avoid having to deal with an overwhelmingly large number of tenders. The key steps are as follows:

1. The budget holder advertises the opportunity in a suitable publication
2. Suppliers send in an expression of interest by a given deadline
3. The budget holder sends out an Pre Qualification Questionnaire (PQQ) and informs suppliers of the closing date
4. Following the closing date, the PQQs are evaluated by a panel and shortlist identified
5. The short listed suppliers are sent an ITT and the process continues as per an open tender

c) **Competitive dialogue** - expressions of interest are submitted from interested suppliers in response to an advertisement as above. The Trust then enters into a dialogue with a selection of suppliers to identify a solution which meets the Trust's requirements. An invitation to tender is then sent to selected suppliers to submit tenders based on the solution resulting from the dialogue. **This procedure is only available where a contract cannot be awarded under open or restricted procedures.**

d) **Single tender –** where the product and/or support is for a proprietary product, software or service which, for technical or artistic reasons, or for reasons connected with the protection of exclusive rights, the contract may be awarded only to a particular contractor. Where this procedure is used, an advertisement is not required.

7.2 Under restricted procedures and competitive dialogue, a sufficient number of participants must be selected to proceed to the full tender stage to ensure genuine competition (EU regulations stipulate a minimum of five for restricted procedures and three for competitive dialogue).

8 TENDER PROCEDURES

8.1 The budget holder places an advertisement in a suitable publication in order to attract suppliers to tender. The advertisement should make it clear what the business need is so that suppliers can see what services are required and the skills and resources needed to deliver them. Suppliers can then assess whether they have the capacity to deliver the service. The advert should clearly state the deadline by which expressions of interest are to be received.

8.2 Where the contract value exceeds £139,893 for goods and services and £3.497m for works, the advertisement should be placed in the OJEU (Official Journal of the European Union) and strict timescales apply. Budget holders should consult with the Head of Finance for guidance on EU procurement regulations. An overview of the process is available on the OGC website; http://www.ogc.gov.uk/documents/Introduction_to_the_EU_rules.pdf

8.3 Where restricted procedures are being followed, a PQQ should be dispatched to all suppliers expressing an interest within 6 days of the closing date. The aim of the PQQ is to remove suppliers who have weaknesses that would make them unlikely to be able to meet the business need. The content of the PQQ will depend on nature of the goods/services being tendered. However, the EU directives stipulate the following criteria for selection/rejection of candidates;

- lack of suitability on grounds of bankruptcy, criminal conviction or failure to pay taxes
- economic and financial standing
- technical capacity and capability (i.e. they are equipped to deliver the service and have a good track record)

A sample PQQ is given at Appendix 2. This form can be amended as required to suit the nature of the goods/services being procured.

8.4 Following evalution of the submitted PQQs, selected suppliers are invited to submit a full tender. From this point on, the provisions of the open tender procedure apply.

8.5 An Invitation To Tender (ITT) should include the following documents:

Covering letter
Form of Tender (i.e. Open or Restricted)
Instructions (including deadline for submitting tender)
Specification/Scope of Work
Tender evaluation criteria

A sample ITT is given at Appendix 3.

8.4 Suppliers must be informed that their tenders will only be considered if they are:

a) sent in a plain envelope/parcel (which does not show the identity of the supplier in any way) and marked 'Tender' followed by the subject of the contract
b) delivered to APTL by the time stated in the tender invitation

8.5 The ITT must also state that any questions/queries raised regarding the tender package must be in writing and that the response will be conveyed to all other suppliers in writing. This is designed to ensure fairness in the tender process.

8.6 Once the deadline for submitting tenders has expired, the tenders should be opened by two officers who have no involvement in the tendering process. A Bid Opening Register is to be produced as follows:

Bid Opening Register
Provision of Service for:…….
Date:…….

Trust	**Bid Amount**
Name of Trust 1	£……..
Name of Trust 2	£…….

Date:	
Signed:	

Witnessed by:	

9. EVALUATING TENDERS AND AWARD OF CONTRACTS

9.1 Tenders should be evaluated by a panel of no less than three people, one of whom will be the budget holder and one of whom will be either the Head of Finance or General Manager, depending on the value of the contract, as follows:

Up to £25,000 – Head of Finance
Above £25,000 – General Manager

All tenders above £50,000 must go to the Board for final decision

9.2 All tenders should be evaluated against a number of objective criteria, identified by the budget holder and approved by the tender panel. The selection criteria should be communicated to tenderers as part of the tender pack. Whilst the most appropriate selection criteria will depend on the nature of the goods/services being tendered, they may include the following;

- Price/value for money
- Quality
- Delivery timescale
- After sales service
- Technical merit
- Previous experience in the sector
- Ability to offer complementary services

The criteria should be appropriately weighted according to their relative importance to the delivery of the contract.

9.3 The panel should meet to evaluate the tenders and the minutes of the meeting should be recorded in writing.

A sample spreadsheet for evaluating tenders is given at Appendix 4.

9.4 Trust checks should be carried out before contracts are awarded to ensure the supplier is solvent and that the advertised contract would not become more than 25% of their annual turnover. Such checks are the responsibility of the Head of Finance.

9.5 It is a fairly well established practice in the procurement of certain goods/services (particularly consultancy and professional services) to include a supplier visit as part of the tender evaluation process. Although such visits can enable managers to elicit information about suppliers which is difficult or impossible to glean from a written tender, they should be approached with caution. Presentations from supplier should be time limited and geared closely to how the supplier will meet the Trust's requirements, rather than a general sales pitch. Visits should also allow plenty of time for questions.

9.6 The correct way to incorporate the visit and presentation into the tender evaluation process is to revisit the original scores and make any changes that may be appropriate in the light of additional information gleaned during the supplier visit. The ITT will have stated the criteria which will be used to evaluate the tenders and it is not acceptable to change the criteria mid-way through the evaluation process.

9.7 Any contract awards requiring approval of the APTL Board or a sub committee should be presented in a written paper, following the format set out in the Code of Corporate Governance. The paper should be circulated to Board members no less than five clear days prior to the meeting, in accordance with APTL's Memorandum and Articles of Association. The decision of the Board or sub committee should be appropriately minuted and the minutes retained by the Trust Secretary.

9.8 Following the award of the contract, the budget holder should:

Write to successful supplier awarding the contract.
Write to unsuccessful suppliers.

9.9 Signed contracts should be in place prior to the commencement of work

10. DEBRIEFING UNSUCCESSFUL SUPPLIERS

10.1 The preparation of tenders can be a time consuming and costly business for suppliers. Suppliers may want to know why their tender failed to improve their prospects in the future. When debriefing unsuccessful suppliers, it is appropriate to disclose;

- The name of the successful tenderer
- The number of bids received
- An explanation of the tender evaluation criteria
- Summary of the key reasons for failure

10.2 Budget holders should take care not to be drawn into detailed discussions about other bids. In particular, budget holders **must not** specifically disclose prices or rates submitted from other tenderers; such information is commercially confidential.

11. RETENTION OF RECORDS

11.1 The budget holder is responsible for retaining a contract file, to include:

- All minutes of panel meetings
- Responses to the PQQ, where applicable
- The ITT
- All original tenders received
- Record of evaluation of tenders
- Reports prepared for Board/Sub Committee, where applicable
- Minutes of meetings with tenderers
- All post tender correspondence
- Copy of signed contractual terms and conditions

11.2 For legal/audit purposes, the contract file must be retained for 6 years from the expiry of the contract.

12 POST TENDER NEGOTIATIONS

12.1 There are restrictions on the use of post tender negotiation under the open and restricted procedures. The European Commission has issued a statement on post tender negotiations in which it specifically rules out any negotiation on price. Such discussions may only be held for the purpose of clarifying or supplementing the content of the tenders or requirements of the Trust, provided this does not involve discrimination.

12.2 There may be circumstances where the budget holder is required to contact a supplier in order to clarify an ambiguous tender. This does not constitute post tender negotiations.