Guide to Purchasing Capital Equipment

UNIVERSITY OF CAMBRIDGE
Finance Division
Purchasing Office

1. Statement of Need/Specification of Requirement

1.1 The need to acquire capital equipment should wherever possible be identified as early as possible and a Statement of Need (SON) / Specification of Requirement (SOR) prepared. Even when a need arises suddenly and funding is sought from the Research Councils or other organisations a thoroughly prepared SON or SOR stands the best chance of securing the funding required.

1.2 The Statement of Need (SON) or Requirement (SOR) should set out:

- the benefits expected from the equipment.
- the total costs of ownership over the whole of its operational life, covering acquisition costs, running and disposal, and
- how the acquisition will promote the institution’s objectives.

1.3 Where procurement of capital equipments identified within the project is valued in excess £100,000.00. University Finance Regulations, Section 4 (Expenditure) paragraph 4.1 (f) require that Head of Purchasing (Finance Division, Central Purchasing Office) must be contacted to provide advise on any statutory procurement requirements e.g. EU Procurement Directive (see Section 7) or advice on Research Councils grant compliance requirements.

2. Specification of Requirement (SOR)

2.1 Good research depends on the right choice of equipment. A well-drafted specification of requirement not only sets the quality and performance standards for the equipment, but also provides the greatest scope for maximising value for money (VFM).

2.2 A good specification should be functional e.g. describing the equipment in terms of its intended function and the required level of performance, rather than by a generic description or brand name. It should be concise, but sufficiently detailed to enable bidders to take all costs into account, and also to offer alternative solutions. In particular it should:

- state the criteria for acceptance of the equipment
- abide by international and national quality requirements
- include health and safety requirements
- if brand names are unavoidable, qualify these by adding “or equivalent”
- comply with UK, EU and international law.
2.3 Specifications for leading-edge equipment may be developed in conjunction with one or more suppliers. The focus should be on research needs rather than what the supplier can offer. No commitment should be made to a supplier prematurely, nor should the resulting specification be so detailed as to eliminate any effective competition.

2.4 Specifications may be refined using the techniques of value analysis and value engineering. In value analysis an existing product is dissected and its components modified or omitted where this will reduce lifetime cost without compromising performance. Value engineering is a similar process applied to new equipment.

2.5 A small value analysis team conducts a brainstorming session, identifying major cost elements and examining components to see whether they may be modified or omitted:

- What are its basic functions?
- Are they all necessary?
- Can they be simplified?
- Can they be performed in some other way?
- Are performance requirements and tolerances too stringent?
- Can standard methods and off-the-shelf equipment be used?
- Can operations be combined?
- Where can waste be reduced?
- What is the environmental impact, including costs of waste disposal?
- What are the staff cost implications in terms of numbers, expertise, etc?

2.6 Suppliers may help implement the results of the investigation by modifying their equipment so as to reduce cost or improve performance. In doing so they will hope to share in the cost savings and gain additional business, but care should be taken not to favour one supplier unduly, particularly if the purchase subject to the EC directives.

2.7 Consideration should also be given to purchasing good second-hand equipment.

3. **Aggregation of requirements**

3.1 Aggregating similar requirements can substantially reduce purchase prices and costs relating to maintenance, delivery, ordering and payment processing. For specialised equipment, other departments and institutions should be approached to see if there is scope for a co-ordinated approach to suppliers.

3.2 For regular purchases of common items, a framework agreement should be set up. Purchases may then be made from designated suppliers at competitive prices and favourable terms, which will cover all whole life costs:

- a fixed, or at least index-linked, purchase price
- on-site tests and pre-negotiation trials
- delivery, installation and commissioning
- maintenance cover and costs
- the price of consumables
- spare part cost and availability
- provision and updating of maintenance handbooks
- training.

Updated Jan 2008
3.3 The use of existing framework agreements should be mandatory unless there are strong reasons for not using them. A spot price may seem cheaper, but other factors must be considered:

- time and cost of obtaining competitive bids and selecting the best value;
- less leverage over the supplier in case of dispute;
- handling additional invoices from different suppliers and making additional payments;
- reduced economies from scale;
- undermines the current framework agreement and weakens the negotiating position.

4. **Sharing equipment**

4.1 Sharing may be possible when suitable equipment already exists in another department, or when new equipment can be made available to other departments, perhaps on a repayment basis. This arrangement can include the aggregation of requirements for maintenance, spare parts and consumables, thus reducing cost through better purchasing. The controlling department’s responsibility extends to applying procedures and security measures to ensure that the equipment is protected and used in the proper manner.

4.2 An alternative may be to provide usage time to others on new equipment, since:

- it may save other users having to purchase new equipment, or provide them with improved performance;
- there may be opportunities for rationalising or improving the specification to the benefit of the principal User.

4.3 Equipment for shared use or hire may have to be more robust, and may have a shorter life expectancy, due to greater wear and tear. It may also need more security and safety features, which may add to the price but overall should provide better value for money.

5. **Funding**

5.1 Research Council grants, like funding council grants are a legal contract between the funding body and the University where the award grant funds belong to the institution rather than the grant or budget holder, and must be accounted for in accordance with the institution’s regulations. A breach of grant conditions could result in the funding being withdrawn and the University refunding the total grant awarded regardless of any expenditure that may / may not have already been assigned to the grant.

5.2 Recent years have seen a significant shift in the sources of funds for research equipment:

- Research Councils provide almost 40% of total expenditure
- Funding councils provide just over 25%
- Charities provide almost 15%
- Private industry or business provides just under 10%
- EC, government departments and donations provide just over 10%.

5.3 Funds for equipment for teaching and administration come mainly from the funding councils. Since funding councils no longer ring-fence funds for equipment, institutions will be able to vary equipment budgets substantially.

Updated Jan 2008
5.4 Estimates of purchase costs are needed when seeking funding for new equipment. Provision should be made if possible for adjusting the final sum upwards or downwards, to cover the cost of the most economically advantageous offer. Funding may be required for future years to cover such costs as lease charges, consumables, overhauls or upgrading. Any costs relating to building work, staffing, energy, waste disposal, and the eventual disposal of the equipment should also be included.

5.5 Leasing spreads the costs of ownership over a period of years. Costs are more clearly known at the outset and most of the risks of ownership remain with the lessee. It can ease maintenance problems, reduce staff costs, and ensure equipment is kept up-to-date, but this comes at a price and outright purchase will often be more cost-effective. Leasing should not be used to augment departmental funds as it is probably cheaper to borrow within the institution.

5.6 Researchers are likely to be in close contact with suppliers of leading edge products, but may need advice on how best to go about obtaining initial quotations without commitment. The Procurement Office can advise on how to elicit a competitive bid, including elements for delivery, training, consumables, servicing and trade-in of old equipment, in addition to the purchase price.

5.7 If a prospective supplier knows the budget figure, this may weaken the University’s negotiating position, but it is still possible to improve on the original bid by competitive tendering and negotiation. As funds for capital equipment are increasingly scarce, it is important to:

- seek authority from the grant body to use savings for additional equipment or services
- or return the savings to the grant body so that they can be used for other grants
- use institutional funds for other essentials or return them to the centre, in accordance with institutional rules.

6. **Sourcing**

6.1 The procurement of capital equipment ties up money for long periods of time, and the longer the period, the greater the uncertainty and risk involved. It must be done correctly the first time, as mistakes are not easily rectified.

6.2 Information on potential suppliers can be obtained from a wide range of sources such as suppliers, peer contact, trade directories, exhibitions, conferences and consultants. Approved suppliers will have met the institution’s selection criteria and there may already be a purchase agreement in place. However, sticking to a small number of suppliers may not result in best value for money, for new suppliers may bring in new ideas and increase competition. A thorough market search may reveal opportunities to buy second-hand or ex-demonstration equipment.

6.3 If EC Public Procurement rules apply, care must be taken not to exclude any potential supplier who meets the criteria. Aggrieved suppliers are able to seek remedies through the courts.

6.4 A supplier’s reliability should be assessed in such detail as is required by:

- the additional costs which would result from the supplier’s failure to meet its obligations on quality, delivery, price, servicing, etc;
- the complexity of the order, and hence the likelihood of problems arising during execution of a contract;
- the value of the contract compared to the turnover of the supplier; it is risky for a supplier to rely too heavily on the business of one dominant customer.

6.5 Information for a full supplier evaluation may be gathered by means of a questionnaire sent to suppliers, or through a company ratings agency such as Dun & Bradstreet, Jordans, or Creditsafe. Useful information will include:

- organisational structure
- financial standing
- any litigation in progress
- staff numbers and training
- production capacity
- experience & track record
- quality procedures
- areas of business
- membership of trade associations
- insurance and liability provisions
- health & safety and environmental record

6.6 Financial assessment involves calculating a few key accounting ratios. Falling profits, increasing debts or deteriorating liquidity are danger signals, together with late or qualified submission of accounts, major reductions in staff numbers, and frequent name changes. Size and financial strength should also be sufficient to handle any prospective order; if not, a Performance Bond or similar assurance may be sought.

6.7 Import Duty is payable on goods from non-EU countries. The rules for calculating the amount payable are complex, and it is best to seek advice from the agent. Import Duty Relief is available on goods solely designed and manufactured for scientific research, and which cannot be used for commercial purposes.

7. EC Public Procurement Directives

7.1 It is important to be able to justify the selection of a supplier by demonstrating that it offered the best value for money. This is best achieved by inviting competitive tenders or quotations, even when one supplier is strongly preferred on technical grounds.

7.2 Purchases of goods and services above current EU thresholds (please refer to the CPO website for the current threshold level) are subject to the EC Public Supplies Directive, incorporated into UK law as The Public Supply Contracts Regulations 1991 and 1995. Although the University is exempt from these regulations (see R (on application of University of Cambridge) v HM Treasury C-380/98. Sometimes called R v HM Treasury ex p University of Cambridge) where compliance is a requirement of the procurement process e.g. a condition of the funding body, failure to comply with the Regulations could have serious legal consequences and the penalties for non-compliance can be severe and will be incurred by the Department.

7.3 There may nevertheless be occasions when it is impractical to seek competitive bids. There may be only one suitable supplier of the product and / or no substitute available, or there may be a genuine emergency, though the EC Directives define these circumstances strictly. A written justification for the decision should be endorsed by the Head of Department.

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7.4 A standard form, with the institution’s Conditions of Purchase printed on the back, should be used for seeking written quotations. This makes the exercise simple and fast, as long as the specification is correctly drawn up.

7.5 Procedures for sealed bid tenders are designed not only to obtain the best value for money, but to protect the Buyer and the institution in the event of any subsequent dispute or legal action by a disgruntled bidder. All bidders must be given an equal opportunity to win the contract, and identical invitations to tender must be posted to them at the same time.

7.6 An invitation to tender (ITT) includes:

a. Letter of Acknowledgement - for the bidder to return immediately, confirming receipt and indicating whether or not the company wishes to submit a tender.

b. Tendering Instructions on how to submit a tender, and what additional information is required e.g. copies of accounts, main customers, alternative proposals.

c. Conditions of Tender, covering:
   - the independence of each tender
   - to whom enquiries should be addressed
   - the preparation of the tender
   - how long the tender will remain valid for acceptance
   - how the tender should be packaged, addressed and returned
   - how many copies are required
   - final date and time for submission
   - the institution’s discretion to accept any part or all of any tender
   - the method of evaluation (eg short-listing, calls for presentations)
   - award criteria.

d. Form of Tender - letter to be signed by the bidder enclosing the tender submission. The tender submission should be pro forma, including an outline format (showing prices, delivery dates, etc) to be completed by the bidder, rather than leaving the bidder to devise a format.

e. Contract Documents - inform the bidder of the kind of contract which will be signed, including any special conditions in addition to the institution’s standard Conditions of Purchase.

7.7 Receipt of tenders should be recorded, and the package kept secure and unopened until the deadline for submissions. Tenders should then be opened by a team of two or more, who should record the details on an Opening of Tenders Control Sheet and sign to confirm. The “First Copy” of tenders should be signed by at least two members of the team, and all pages containing prices or alterations made by the bidder should also be initialled.

7.8 Bids received after the deadline are normally invalid, and may be considered only if delayed due to unusual circumstances, and if the bidder has gained no advantage. Otherwise they should be returned unopened to the sender with a covering letter. The Control Sheet should record this action.
8. **Negotiation**

8.1 Tendering in accordance with EC Directives reduces the need to negotiate with suppliers. However, negotiations may take place before the issue of invitations to tender, and after the receipt of tenders, though not between these times. The aim of negotiation is to improve the terms of the offer, while not putting other bidders at a disadvantage or restraining competition.

8.2 In negotiation, most suppliers will expect an honest and ethical approach. The relationship should be based on mutual trust and the principles of fair competitive bidding should be observed:

- Be truthful with suppliers, without disclosing all commercially-sensitive information. Details of one supplier’s prices, specifications or terms should not be revealed to another, but the careful disclosure of more general pricing information is acceptable.

- Negotiate with all suppliers who have a reasonable chance of winning the order. However, if negotiations result in a significant change to the conditions included in the original invitation to tender, the EC Directives require that all bidders be given the opportunity to re-tender.

- If possible, negotiate with decision makers; failing this, the supplier’s representative should arrange for a rapid written response to questions raised in discussions.

- Meetings are often preferable to phone calls or correspondence because body language and reactions can provide valuable information. Minutes of meetings should be distributed to all participants for agreement, giving suppliers the opportunity to correct obvious mistakes.

- Confidential notes of internal discussions may be recorded separately and distributed internally only.

- Let the supplier worry about making a profit on the sale. The supplier may choose only to cover fixed costs so as to break into a new market.

- Do not commit to the outcome of a negotiation unless authorised. Be aware of the advantage of taking the attitude “providing my superior agrees”.

- Do not let a supplier know they will get an order, particularly when seeking information or clarifying aspects of a bid.

8.3 Negotiations are likely to focus on any extra items to be included in the purchase, the elimination of unnecessary costs, and additional contractual safeguards. Rather than offer discounts, equipment suppliers are often more willing to offer extras such as:

- free spares
- free training
- free maintenance cover
- improved specification, or lower specification at a lower price
- ex-demonstrator or refurbished equipment
- more favourable payment terms

Updated Jan 2008
8.4 Maintenance is a key life-cycle cost. Even where carried out in-house at the expiry of the warranty period, savings can be achieved by negotiating on such factors as training, manuals and spares; it is important also to take account of the cost of energy, components and consumables.

8.5 After tendering, contact with potential suppliers should be through the buyer only. Post-tender negotiation with successful or short-listed bidders should be used only to clarify and to improve value for money by exploring ways in which both parties can benefit from reduced overall costs. If such negotiations may be considered to have materially altered the contract, or to have deprived another bidder of an equal opportunity to win the contract, then the tender process could be invalidated.

9. **Evaluating Quotations and Tenders**

9.1 Selection must be seen to be done fairly, and written records should show how the decision was reached. The best bid offers the best combination of life time cost and quality, together with any other important factors such as delivery time or compatibility with current equipment. A guide to evaluating tenders is attached at Appendix 1.

9.2 Where the criteria for evaluating and awarding a contract is required to be stated in the tender documents these would normally be the most economically advantageous taking account of such factors as:

- purchase price
- other whole life costs (running costs, obsolescence, resale value or disposal cost etc.)
- delivery time
- quality
- aesthetic and functional characteristics
- technical merit
- compatibility
- after sales service and technical assistance

9.4 All costs and benefits which can be given financial values should be included in a financial evaluation. If total estimated lifetime costs exceed £250,000, net present values should be calculated for each cost item.

9.5 Some of costs and benefits are difficult to quantify financially e.g. a machine might be quieter, or faster, or produce less toxic waste. Such non-financial factors can be quantified and combined in a single measure, weighted in respect of their relative technical and commercial importance. It aids understanding if the weights add up to a round number, such as 100.

9.6 Points to note include the following:

- ensure that the weightings are explicit and unbiased;
- do not give too much emphasis to the total scores as opposed to how they are made up;
- use sensitivity analysis to test the ranking of tenders to alternative weightings.
9.7 Potential difficulties with weighting and scoring are that it sometimes requires a big input of technical expertise; it may be difficult for some members of the team to understand how the figures are constructed or it is generally inferior to monetary valuation of non-financial effects, so it may be more sensible to try to put financial values on these effects and use them in the financial evaluation.

9.8 The weighting and scoring of non-financial effects can generate misleading figures. In theory, this should be used only where they have been shown to reflect some independent measure of the benefits to the user, or where expert opinion can inform objective measurements.

9.9 Financial evaluation, combined with the weighted scores for non-financial factors, will determine the most economically advantageous offer. The weighting given to each of these two sets of scores for the purpose of combining them should be as objective as possible, so a number of experts should again be involved. Any tendency for academic staff to favour non-financial effects should be tempered by financial and procurement staff. A rule-of-thumb is 70% for financial evaluation and 30% for non-financial effects.

9.10 The complexity of the method selected will depend on the cost of the equipment and the relative importance of the different factors, and thus on the benefits of spending time on their appraisal. If the intention of the selection process is to draw up a short-list, this should be made clear before the selection process commences.

9.11 The team should agree which bidder is to be awarded the contract, or short-listed. When an outright winner has been agreed, a runner-up should also be selected in case problems arise at a late stage with the successful bidder.

9.12 All bidders should then be notified in writing as to the result of their bid. Unsuccessful bidders should also be informed why their bid failed, but confidentiality should continue to be maintained. It is usually best to send an encouraging, “unsuccessful” letter to the runner-up rather than alert them to their reserve status.

10. Contractual Matters

10.1 A contract, whether written, oral or implied, is a legally enforceable agreement willingly entered into by two or more parties. Clearly-written contracts help reduce risk and protect the institution and the signatory. A standard purchase order form may sometimes be used for capital equipment, but more often a specially drafted contract will be required. This should incorporate much of the information stated in the specification and the invitation to tender, and so much of the content will already have been agreed with the supplier.

10.2 The University’s conditions of purchase are likely to be more favourable than a supplier’s conditions of sale. Payment in advance should be resisted, for the money will be at risk if the supplier goes into receivership; payment should only be made when the equipment is delivered and satisfactorily tested. Also, a supplier’s conditions of sale may transfer insurance risk in the equipment too early, perhaps before it leaves the supplier’s premises.

10.3 Additional conditions may concern:

- Packing, transport and delivery
- Completion date
- Acceptance testing
- Provision of maintenance and other handbooks
10.4 The contract or order must be signed on behalf of the institution by a person with the appropriate level of delegated purchasing authority. This commits the institution to taking delivery of, and paying for, the equipment. Reference should be made to the tender submitted by the supplier, and prices and other information must be as in the tender, or as subsequently agreed in writing during post-tender negotiation. Attention should also be drawn on the front of the form to any additional, or changed, terms and conditions.

10.5 Two originals should be printed (one marked “Buyer’s Copy” and the other “Supplier’s Copy”) and both sent first to the supplier for signature and then returned to the User Department for signature by the institution. The Supplier’s Copy can then be returned to the supplier.

10.6 A letter to unsuccessful bidders may refer briefly to the main areas of weakness, such as price, delivery, or quality. Unsuccessful bidders may request a debriefing, but even if not, the institution may wish to offer a debriefing, so as to:

- be seen to be fair, honest and ethical;
- help suppliers to become more competitive;
- give suppliers some return on the time and money spent on preparing the bid.

10.7 Debriefings should be planned and carried out by senior staff. The discussion should be informal and not allowed to develop into arguments over details of the assessment process. Direct comparisons should not be made with other tender responses as these are confidential, and commercial terms or innovative ideas put forward by one bidder should not be disclosed to another. However, the strengths and weaknesses may be discussed in more general terms, and advice given on how the supplier may improve the chances of winning a future contract. To conclude, suppliers may be asked for their views on the tendering process.

11. **Progressing, Receiving and Accepting the Equipment**

11.1 Pre-delivery milestones should be checked to avoid delays in delivery, inspection and installation:

- Checks such as inspection of work in progress, or audit access to costings, have been carried out
- For overseas suppliers, check import procedures as early as possible. Appoint an import agent, and ascertain whether import duty is payable.
- At least 2 weeks before delivery, ensure that the delivery site is ready, with enough space and floor-loading and a power supply.
• Several days before delivery, check that the supplier will deliver on time and is aware of considerations such as:

1. avoiding traffic in the early morning and late afternoon
2. the need for any extra labour or special lifting equipment
3. access to the site and to the designated delivery point
4. the need to contact a specific person at the time of delivery

• On delivery, check the consignment and sign the carrier’s delivery docket. Any obvious damage to packaging or contents, or shortages, should be brought to the attention of the driver and noted on the docket. Whenever possible the docket should be signed by someone other than the Buyer or the person authorising payment.

• Within a few days thoroughly check that the delivery is in good condition and complies with the specification and quantities in the contract. Any deficiencies must be reported to the supplier in writing immediately.

• Ensure that other contract clauses relating to installation are complied with. For more expensive or sophisticated equipment these may include:

1. erection and installation by the supplier
2. testing
3. training of staff
4. performance standards to be achieved before formal acceptance

11.2 When all contractual obligations have been met concerning quality, delivery, installation, acceptance testing, commissioning and initial training etc, payment should be authorised by someone with the appropriate level of delegated authority. Wherever possible this should be someone other than the Buyer or Budget Holder. Invoices should be checked to see that:

• the price and any other costs payable match the corresponding purchase order or contract
• any special contract clauses relating to delivery and installation have been met
• the person checking the equipment confirms that the quality and quantity are correct

12. Records

12.1 Records should be kept for at least 6 years after the start of a contract, or two years after its expiry, whichever is longer. Good records can help sell the equipment at the time of disposal, and will include:

• invitation to tender
• successful tender
• Tender Control Sheet
• Tenders/Quotations Record Sheet
• institution’s original copy of the contract (or purchase order)
• invoices and receipts.
### Appendix 1 - Guide to Evaluating Tenders

1. Tenders should be evaluated by a team (min 3) as an odd number may prevent conflict when scoring. The team should have reasonable knowledge of the type of equipment, and at least one of whom should have purchasing experience (this can be a member of CPO).

2. Evaluation should be completed as soon as possible after the tender closing date. Each tender received must be scored as per the published evaluation criteria stated in the tender documents / EU notice (where applicable). Ensure those evaluating the tenders declare they have no unethical interest in the companies tendering. Agree a joint score (example given below), not 3 separate score sheets. Never add to or delete published criteria; such decisions could be open to challenge.

The following are a list of suggested evaluating criteria for tenders.

<table>
<thead>
<tr>
<th>Evaluation Criteria</th>
<th>Weighting</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Performance and Technical merit, including product quality, safety and ability to meet current and future requirements of researchers;</td>
<td><strong>20%</strong></td>
</tr>
<tr>
<td>2. Competitiveness of the proposal, based on whole-life costs, including costs incurred in installing the equipment in the laboratory, future upgrades etc;</td>
<td><strong>20%</strong></td>
</tr>
<tr>
<td>3. Delivery, installation and commissioning including implementation approach and plans and ability to deliver within the required timescale;</td>
<td><strong>10%</strong></td>
</tr>
<tr>
<td>4. Post contract and technical support including help-desk and service cover, response times, upgrades etc.;</td>
<td><strong>10%</strong></td>
</tr>
<tr>
<td>5. Training provision, including ability to meet future training requirements and provide training in first-line maintenance. Service partnership;</td>
<td><strong>10%</strong></td>
</tr>
<tr>
<td>6. Compliance with the conditions of contract;</td>
<td><strong>5%</strong></td>
</tr>
<tr>
<td>7. Environmental factors, to the maximum extent permissible by relevant legislation;</td>
<td><strong>5%</strong></td>
</tr>
<tr>
<td>8. Company standing and experience in the field, including references showing evidence of previous successful implementation of similar projects;</td>
<td><strong>5%</strong></td>
</tr>
<tr>
<td>9. Innovation</td>
<td><strong>5%</strong></td>
</tr>
<tr>
<td>10. Benefits offered by the potential for collaborative research/development/reference centre.</td>
<td><strong>10%</strong></td>
</tr>
</tbody>
</table>

The purpose of documenting the evaluation is to provide an equitable and auditable means of scoring tenders received. It is important that “comment” columns are used in conjunction with score sheets to justify a score or weighting awarded, or as an aide memoire for points of clarification or elaboration. On completion of the evaluation, compare the scores with the total cost of acquisition i.e. ensuring that decisions take account of not just the purchase price but also the other important factors such as compliance with specification, cost of carriage, spares, disposal etc.
Decide which tender represents best value for money, taking account of all the criteria, then forwarded your tender evaluation results to Central Purchasing Office for completion of the tender process e.g. formalisation of any contractual requirements, publication of EU contract award notice (where applicable), letters to suppliers, and seek authorisation to proceed with raising a purchase order.

Please note that following a ruling by the European Court of Justice (the Alcatel case) there is a requirement to have a mandatory 10 day standstill period between communication of the award decision to all tenderers and the actual contract award. When authorisation from CPO to proceed has been given, then and only then should a purchase order be raised with the selected supplier. Please note that unsuccessful suppliers may challenge a contract award decision and request a tender debrief. In the event of such a challenge, please contact Central Purchasing Office. The following are examples of a Tender Score Sheet and Scoring System. These can be adapted as required.

Example Score Sheet

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Weight</th>
<th>Score</th>
<th>Weighted Score</th>
<th>Score</th>
<th>Weighted Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total cost of acquisition</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Company A</td>
<td>£20,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Company B</td>
<td>£21,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Performance and Technical merit</td>
<td>20</td>
<td>7</td>
<td>140</td>
<td>9</td>
<td>180</td>
</tr>
<tr>
<td>Competitiveness of the proposal</td>
<td>20</td>
<td>8</td>
<td>160</td>
<td>7</td>
<td>140</td>
</tr>
<tr>
<td>Delivery, installation and commissioning</td>
<td>10</td>
<td>10</td>
<td>100</td>
<td>9</td>
<td>90</td>
</tr>
<tr>
<td>Post contract and technical support</td>
<td>10</td>
<td>5</td>
<td>50</td>
<td>8</td>
<td>80</td>
</tr>
<tr>
<td>Training provision</td>
<td>10</td>
<td>8</td>
<td>80</td>
<td>10</td>
<td>100</td>
</tr>
<tr>
<td>Compliance with the conditions of contract</td>
<td>5</td>
<td>5</td>
<td>25</td>
<td>6</td>
<td>30</td>
</tr>
<tr>
<td>Environmental factors</td>
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<td>5</td>
<td>25</td>
<td>10</td>
<td>50</td>
</tr>
<tr>
<td>Company standing</td>
<td>5</td>
<td>8</td>
<td>40</td>
<td>6</td>
<td>30</td>
</tr>
<tr>
<td>Innovation</td>
<td>5</td>
<td>4</td>
<td>20</td>
<td>4</td>
<td>20</td>
</tr>
<tr>
<td>Benefits offered</td>
<td>10</td>
<td>8</td>
<td>80</td>
<td>7</td>
<td>70</td>
</tr>
<tr>
<td>Total quality score</td>
<td></td>
<td></td>
<td>720</td>
<td>790</td>
<td></td>
</tr>
<tr>
<td>Decision</td>
<td></td>
<td></td>
<td>Reject</td>
<td>Accept</td>
<td></td>
</tr>
</tbody>
</table>

Updated Jan 2008
### Suggested Scoring System:

<table>
<thead>
<tr>
<th>Score</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>No relevant response</td>
</tr>
<tr>
<td>1 - 3</td>
<td>Poor response, does not – or barely meets user requirements</td>
</tr>
<tr>
<td>4 - 6</td>
<td>Average – good response, will meet most of user requirements</td>
</tr>
<tr>
<td>7</td>
<td>Good response – meets all users requirements</td>
</tr>
<tr>
<td>8</td>
<td>Good response, meets all user requirements with some additional value.</td>
</tr>
<tr>
<td>9</td>
<td>Very good response, meets all requirements with significant added value.</td>
</tr>
<tr>
<td>10</td>
<td>Excellent response, exceptional, innovative, meets all user requirements and exceeds in some cases.</td>
</tr>
</tbody>
</table>