



Commissioning Guidelines 2011

DOCUMENT A. (2011)

LCC Financial Thresholds and Procurement Guidelines for Placing Contracts (to be followed in line with the Service Level Agreement)

The total estimated value of a contract must be identified before a requirement is procured and must not be artificially split in an attempt to avoid the applicability of these Rules and/or the EU Procurement Rules. This can be established by estimating the cost of the annual requirement for the goods, services or works (including any service/installation or other charges) and multiplying this annual figure by the estimated duration of the contract/arrangement. The estimated value shall be calculated exclusive of VAT. Where the duration is unknown, the basis for calculation should be a four year period unless it is clear that the contract will be of shorter duration

Contracts for £5,000 or less: Where the estimated total value of spend is £5,000 or less, it is not necessary to obtain competitive quotations from more than one supplier or provider for contracts or orders. Unless it proves to be not reasonably practicable, a written quotation shall be obtained from the supplier or provider before a formal purchase order or notification of the acceptance of the quotation is issued. Faxed or email quotations are acceptable for this purpose. The purchase order or notification of the acceptance of the quotation shall specify the good or services to be provided and set out the price, terms of payment and any other relevant terms and conditions.

Contracts between £5,000 and £55,000: Where any contract or order which has an estimated total value spend of more than £5,000 but less than £55,000 it is necessary to request at least three written competitive quotations. If this is not reasonably practicable in the circumstances, the reasons for not doing so must be formally recorded. Faxed or email quotations are acceptable for this purpose. The Contracts team of the CYP Directorate can provide email templates for request for quotations if required. Please contact Jackie Riley – Contracts and Monitoring Officer in the Children's and Young People Directorate on tel: 07500 976692 or email jackie.riley@lancashire.gov.uk. In her absence please contact Helen Mas –

Contracts Manager on tel: 07584 581370 or e-mail helen.mas@lancashire.gov.uk for further details.

Contracts over £55,000 but less than the EU threshold (of £156,422):

Contracts with an estimated total value spend of over £55,000 must be publicly advertised and tendered in accordance with these instructions.

Where there is currently no relevant contract due to the service being a new provision or the previous contract having expired any contract which has an estimated total value of spend of over £55,000 must not be entered into until it has been publicly advertised. The contract must be advertised for at least 10 days via the District's website as a minimum (and where possible an advert placed in a local newspaper or other such medium) inviting expressions of interest for the contract and stating the last date when the expressions of interest or tenders must be submitted in the advertisement.

Tenders should be completed in line with the template 'Invitation to Tender' in this pack, DOCUMENT D, modifying the specification and timeline as is applicable to the District's requirements.

Paper based tenders must be received in a plain sealed envelope addressed to the person undertaking the tender and must bear the word "Tender" followed by the subject to which it relates, but shall not bear any name or mark indicating the sender, and such envelopes shall unopened until the time that has been appointed for their opening in the Invitation to Tender document.

Opening of tenders

All tenders for a particular contract must be opened and recorded at the same time.

Tender award criteria and award of contract

All tender award criteria and methodology must be agreed in advance of the tender being published.

Evaluation of returned Tenders

In evaluating bids for the supply of goods, services or works there are two alternative award criteria:

- a) Lowest price – The supplier or provider with the lowest price for a compliant bid will be awarded the contract; or
- b) Most Economically Advantageous Tender (MEAT) – The bids will be judged against a pre-agreed evaluation criteria which will reflect a number of qualitative factors, including price, which will enable the District to determine which tender provides the overall value for money solution. It is not possible to change the tender evaluation criteria once the tenders have been issued.

Once the most suitable provider has been decided through the tendering process a contract must be issued, please utilise DOCUMENT E, Contract Template of this pack.

Contracts over the EU threshold (of £156,422):

Contracts that fall into this category are when the District intends to spend £156,000 or more with the same provider. This amount must be calculated over the full term of the contract, therefore if the contract is for 3 years an annual spend of £52,000 per annum (excl VAT) would place the contract in this category. If your contract is likely to fall into this category, you MUST adhere to the EU Public Procurement Directives. If this is the case please contact either Jackie Riley – Contracts and Monitoring Officer in the Children's and Young People Directorate on tel: 07500 976692 or email jackie.riley@lancashire.gov.uk. In her absence please contact Helen Mas – Contracts Manager on tel: 07584 581370 or e-mail helen.mas@lancashire.gov.uk and they will be able to assist you with the process.