

Postal Goods and Service Framework Agreement (RM1063)

Route to Market: Direct Award or Further Competition



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1. Introduction

The purpose of this document is to provide the Contracting Body with an overview of the different routes to market to successfully appoint a Supplier using the Postal Goods and Services Framework Agreement (RM1063)



2. Background

Crown Commercial Service (CCS), YPO and ESPO (Eastern Shires Purchasing Organisation) have worked in collaboration to implement a new Postal Goods and Services (RM1063) Framework Agreement. The three Procurement Organisations are referred to throughout the guidance documents as the 'Category Team'.

Two significant steps within the procurement process were the Category Team's engagement with both the market and the stakeholder group. Both forums were paramount to the overall success of ensuring a positive outcome i.e. *the Contracting Bodies needs are reflected vs. awarding a place on the Framework to capable & proficient providers.*

The Postal Stakeholder Group featured representatives across the Wider Public Sector and Central Government Departments.

The points highlighted in the 'Stakeholder wish list' below at the stakeholder forums were key focus areas or formed part of a 'wish list' requirement for the Public Sector. The Category Team ensured that this feedback was reflected and considered as part of the overall Postal Strategy:

Stakeholder wish list...

- *The new agreement should have a simplified Lot structure; the current Framework Agreement has 14 Lots.*
- *The new agreement should have the options to direct award or compete through a further competition.*
- *The new agreement should be able to provide customers with access to the latest digital mail solutions*
- *The new agreement should provide transparent and simplified pricing by providing a catalogue of goods and services.*

This user guide concentrates on the second key focus point in the Stakeholder wish list, explaining the different routes to the market; understanding the process of both Direct Award and Further Competition.

3. Procurement Overview

The procurement was conducted via the Open tendering procedure. The evaluation involved two stages referred to as the ‘Selection Stage’ and the ‘Award Stage’. Potential Providers who satisfied the Selection Stage were then taken forward to the Award Stage of the evaluation process.

The Selection Stage included assessment of the following:

- Section A – Background questions
- Section B – Grounds for rejection
- Section C – Terms of participation and compliance
- Section D – Framework specifics
- Section E – Previous experience and comparable contracts

The Award Stage was based on the basis of the Most Economically Advantageous Tender (“MEAT”) and followed the criteria detailed below:

Evaluation Criteria	Criteria Weighting%
Quality	70%
Cost effectiveness	30%

The Framework Suppliers were required to demonstrate that they could competently fulfil the quality criteria which covered:

- Section A – Operational Requirements (Overarching)
- Section B – Environmental Properties (Overarching)
- Section C – Technical Proficiency: (Lot Specific Questions)

Sections A and B covered the following areas:

- Service Levels and Key Performance Indicators (KPIs)
- Selection and Appointment of Sub- Contractors
- Customer Service Resource and Escalation
- Security
- Implementation
- After Sales Support
- In house or outsourced solution



- Transparency in providing Management Information to the Authority
- Postal Services Framework Conditions.
- Environmental
- Social Value Act.

The Framework Suppliers were required to provide best prices as part of their bid.

The prices under each of the Lots are the maximum payable. This means that at Further Competition a Contracting Body can expect to pay **equal or less** than the maximum price.

Route to the Market:

4. Direct Award

Direct Award has been enabled under the Postal Goods and Service Framework Agreement (RM1063).

Subject to the provisions of Framework Agreement Schedule 4 (Order Form & Call Off Terms), a Contracting Body may directly award a Call-Off Agreement on the basis of the Most Economically Advantageous Tender (“MEAT”).

The Contracting Body should:

1. Define a clear statement of requirement of what Goods and/or Services are required.
2. Confirm that your requirements can be met by the Goods and/or Services that fall within the Statement of Requirement of the Framework Agreement.
3. Define the Quality and Cost weightings for your requirement. Please refer to paragraph 4.2 below, which provides the recommended weighting. This can be amended \pm 10%
4. Confirm that the Call-Off Agreement does not require any amendments or modification to cover your requirements.

To assist the Contracting Body with identifying the Most Economically Advantageous Tender (“MEAT”), the Category Team has defined the process below:

4.1 Conducting a compliant Direct Award

Before beginning any call off process under this agreement, the Contracting Body needs to have a clear understanding of their business strategy and the Goods and/or Services that they wish to purchase, including how to maximise savings and efficiencies.

The Category Team has defined the steps for conducting a Direct Award and recommends that the Contracting Body follows the steps to ensure there is a documented audit trail of the results and the final award decisions/outcomes.

If the criteria provided below cannot be fully met then the best route to the market for the Contracting Body would be to conduct a Further Competition. The appropriate guidance on ‘how to run a further competition’ can be found in section 5 of this user guide.



Contracting Body Actions	Actions met?
<p>1. 1. Define a clear statement of requirement of what Goods and/or Services are required</p>	<p>Statement of Requirement provided?</p>
<p>Action: Embed your final statement of requirement document</p>	
<p>2. Confirm that your requirements can be met by the Goods and/or Services that fall within the Statement of Requirement for the Framework Agreement</p>	<p>Statement of Requirement reviewed/ Contracting Bodies requirement compared?</p>
<p>Action: Compare your statement of requirement with the Statement of Requirement for the Framework Agreement. (attached: <SoR doc Embed here)</p>	
<p>3. Define the Quality and Cost weightings for your requirement. Please refer to paragraph 4.2 below, which provides the recommended weighting. This can be amended +/- 10%</p>	<p>Framework Agreement prices evaluated?</p>
<p>Actions: Once you have defined your Quality and Cost weighting, all suppliers should be awarded the maximum quality score. You need then only evaluate the supplier on the Cost element to make a decision on which Supplier is awarded the business.</p>	
<p>4. Confirm that the Call-Off Agreement does not require any amendments or modification to cover your requirements.</p>	<p>Standard Call Off terms and conditions reviewed?</p>
<p>Action: Embed the agreed (non- amended) Call Off Terms and Conditions</p>	



4.2 Understanding the 'Cost Effectiveness' criteria:

The Framework Suppliers were required to provide best prices as part of their bid. The prices under each of the Lots are the maximum payable. At Direct Award, the Contracting Body must accept the successful Supplier's maximum price for the Goods and /or Services.

4.3 Award:

The Contracting Body is in a position to award a Call-Off Agreement once a suitable Supplier has been identified as meeting their requirements.

It is the Category Team's recommendation that before issuing any notification of Award that the Contracting Body reviews and follows any internal approval procedure.

Once internal approval has been provided the Call-Off Agreement can be issued to the Supplier for signing.

As stated above there should be no amendments to the Call off agreement by the Contracting Body or the Supplier.

Following your Direct Award agreement, please provide the estimated contract value and details of the start and end date to the Category Team by emailing info@crowcommercial.gov.uk

Post Award

The Supplier will provide Category Team with management information on a monthly basis. Any disputes between Contracting Body and the Supplier should in the first instance be resolved between the two parties. If no agreement can be reached then the Category Team can act as an escalation point to assist in the resolution of any dispute.

Please email info@crowcommercial.gov.uk providing the following details:

- Details of the issue that has resulted in the escalation.
- Full chronology of the steps taken by the Contracting Body to resolve this issue with the supplier.
- Contact details for the supplier.
- Contact details of the Contracting Body



5. Further Competition

Further Competition is enabled under the Postal Goods and Service Framework Agreement (RM1063).

The Contracting Body should:

1. Develop a Statement of Requirements setting out its requirements for the Goods and/or Services and identify the Framework Suppliers capable of supplying the Goods and/or Services;
2. Refine the Order Form and Call Off Terms and/or Lease Agreement to reflect its Goods and/or Services Requirements (only to the extent permitted by the requirements of the Regulations and Guidance);
3. Invite the Framework Suppliers identified as capable to submit a tender in writing.
4. Set a time limit for the receipt by it of the tenders which takes into account factors such as the complexity of the subject matter of the proposed Call Off Agreement and the time needed to submit tenders.
5. Apply the Further Competition Award Criteria to the Framework Suppliers' compliant tenders submitted.

To assist the Contracting Body with identifying the Most Economically Advantageous Tender ("MEAT"), the Category Team has defined the process below:

5.1. Contracting Body Requirements

Before beginning any competition the Contracting Body needs to have a clear understanding of their business strategy and the Goods and/or Services that they wish to purchase, including how to maximise savings and efficiencies.

5.2. Defining your Requirements

The first step is to define the Goods and/or Services that are required. The Framework Agreement's Statement of Requirement provides a guide to the areas that should be covered to define the Contracting Body's requirements.

Where Goods and/or Services attract volume related discounts, then volume forecasts should be determined over the length of the agreement. This will provide the Suppliers with an indication of the Contracting Body's postal output.



NB: *The Category Team is in the process of producing a suite of documents - ‘Further Competition Tool Kit’ which is designed to help support the Contracting Body to defining the structure their Further Competition offering.*

5.3. Commercial Considerations

The Contracting Body should consider if any existing arrangement will need to be extended to ensure business continuity whilst the Further Competition exercise is being run.

The Category Team also recommends that the Contracting Body considers any implementation activity that may need to be considered post award, including due diligence, continuation of supply.

5.4. Evaluation: The criteria

The Contracting Body must remain within the evaluation criterion defined within Schedule 6 of the Framework Agreement and as per the table below:

Criteria Number	Criteria	Sub-Criteria	Percentage Weightings A variance of +/- 10% can be applied
A	Quality		<p style="text-align: center;">70%</p> <p>(the Contracting Body can modify the variance level to meet their requirements i.e. +/- 10%) The breakdown below is set as a guidance for Contracting Bodies</p>
	A1	Provision of Goods and/or Services: Demonstrate a good understanding of the Goods and/or Services required to meet the Contracting Body requirements.	0-10%
	A2	Methodology: e.g. a clear demonstration of how the Goods and/or Services will be fulfilled and delivered.	0-10%
	A3	Technical assistance: a clear demonstration of the technical assistance that will be provided during implantation.	0-5%
	A4	Implementation plan proposed for delivering the required Goods and/or Services including lead times.	0-10%
	A5	After sales service – demonstrate a robust after sales support structure is in place.	0-10%

	A6	Security: demonstrate that all the security requirements of the Contracting Body can be met.	0-10%
	A7	Environmental characteristics: what support can be offered to help the Contracting Body achieve any environmental considerations?	0-5%
	A8	Service Levels and Key Performance Indicators (KPIs): demonstrate a clear commitment to meeting the SLA's and KPI's.	0-10%
B	Price and Charging Structure		30% (the Contracting Body can modify the variance level to meet their requirements i.e. +/- 10%) The breakdown below is set as a guidance for Contracting Bodies
	B1	Cost effectiveness: do the prices demonstrate value for money.	0-25%
	B2	Running costs	0-5%

The Supplier is expected to provide a response to what is included / defined within the evaluation criteria. The Contracting Body can **only** evaluate the Supplier's responses against the defined evaluation criteria.

A Contracting Body may award on the basis of the bid which is the lowest price or is the Most Economically Advantageous Tender (M.E.A.T).

The evaluation criteria should be included as part of your Further Competition pack and issued to all capable suppliers identified.

5.5. Suggested information to include at Further Competition:

The following information offers some suggestions of what you may want to include within your Further Competition documentation:

- **Background information** - provide any background material to help Suppliers to understand the requirements, decide whether they can fully deliver your requirement and also allow them to undertake due diligence.
- **Timetable** - set out the deadline for submission of responses and anticipated award date.
- **Award criteria** - set out the award criteria as detailed in 5.4 above, confirming weightings allocated against each section

Evaluation Guidance - as part of the Further Competition, Contracting Body's will need to issue guidance based on criteria and weightings. This will assist Suppliers in drafting their response to ensure they are providing the correct information in a way that will aid evaluation.

5.6. Completing the order form

The order form accompanies the Call-Off Agreement. This document allows the Contracting Body to summarise their specific requirement, including any refinement to the Call Off Terms and Conditions.

Due to EU procurement rules, any refinement to the Call Off Terms and Conditions must not seek to **redefine** the underlying commercial parameters of the contractual relationship.

The Contracting Body should always seek professional advice before considering the use of additional terms.

The following information suggests area's for consideration when completing the order form:

- Key Performance Indicators;
- Charges within the returned Further Competition by the Suppliers should **not exceed** the maximum rates tendered within the Framework Agreement; prices should be **equal or less** than the maximum prices.
- Price review mechanism as detailed within Call Off Terms and Conditions, Schedule 3 (Charges); should also build into the Further Competition (if required)



- Indicate the commencement and expiry dates of the call-off agreement, including any rights to extend the term after the expiry date;
- Indicate the address to which invoices need to be submitted.

5.7. Evaluate Proposals

Following receipt of Supplier's responses, the Contracting Body will need to select the response that offers the "Most Economically Advantageous Tender".

Standard evaluation procedures must be followed by the Contracting Body.

In preparation for the evaluation the Contracting Body should always document the process intended to be followed:

- Who will undertake the evaluation,
- When this will be carried out,
- Consensus meetings to agree scores between evaluators should be in place.

It is the recommendation of the Category Team that the Contracting Body ensure that the evaluation process is documented, finalised and approved prior to the issue of the Further Competition.

5.8. Award

It is the Category Team's recommendation that before issuing any notification of Award that the Contracting Body reviews and follows any internal approval procedure.

Following the conclusion of the evaluation the Contracting Body is now in the position to award their Further Competition and issue their Call-Off agreement to the successful Supplier(s) for signature.

The Supplier's services will start in line with the Call Off Agreement.

It is recommended that the Contracting Body should ensure there is a documented audit trail of the results and final award decision.

Following your Further Competition exercise, please provide the estimated contract value and details of the start and end date to the Category Team by emailing info@crownccommercial.gov.uk



5.9. Post Award

The Supplier will provide Category Team with management information on a monthly basis.

Any disputes between Contracting Body and the Supplier should in the first instance be resolved between the two parties. If no agreement can be reached then the Category Team can act as an escalation point to assist in the resolution of any dispute.

Please email info@crowncommercial.gov.uk

Providing the following details:

- Details of the issue that has resulted in the escalation.
- Full chronology of the steps taken by the Contracting Body to resolve this issue with the supplier.
- Contact details for the supplier.
- Contact details of the Contracting Body



6. Category Team Contact Details

CCS Customer Services Desk

Tel 0345 410 2222

Email info@crowncommercial.gov.uk

ESPO Professional Services Resource Team

Tel 0116 294 4072

Email resources@espo.org

YPO Postal Services Team

Tel 01924 836992

Email postal.services@YPO.co.uk