

# Tender Evaluation

## Our Policy

- You must carry out the tender evaluation in accordance with the process stated in the original tender documentation and in the Official Journal of the European Union (OJEU) or Defence Contracts Online Contract Notice.
- The tender evaluation must only include factors that are quantifiable and must only be conducted using information that is contained within the tender returns.

## Purpose and Scope

1. The purpose of this Commercial Policy Statement (CPS) is to set MOD policy on how to conduct a tender evaluation for the award of all competitive contracts. You should have read the [Tender Preparation and Management CPS](#) in conjunction with this CPS as you must evaluate the tenders in the manner stated in the tender documents.
2. This CPS is primarily for commercial officers and for the purposes of this CPS “you” is identified as an action on the commercial officer or a holder of a delegated commercial licence. An overview of the tender evaluation process is at [Annex A](#).
3. The policy is applicable to all procurements, including procurements exempt from following the EU Regulations and mini competitions under frameworks. The [Defence and Security Public Contracts Regulations](#) (DSPCR) 2011 and the [Public Contracts Regulations](#) (PCR) 2006 and PCR 2015 (the EU Regulations) set the legal framework under which you procure. Where the EU Regulations apply, you should first read the relevant EU regulation guidance. The specific chapter for tender evaluation within the DSPCR is Chapter 15, [Conducting the Tendering Exercise](#). You can use this guidance when procuring under PCR 2006. For procurements under PCR 2015 you must also refer to the [PCR 2015 guidance](#). PCR 2015 guidance only applies to any requirement where the Contract Notice has been placed after the PCR 2015 go-live date.

## Background

4. You will have compiled the tender documentation in accordance with the [Tender Preparation and Management CPS](#). You will have included in your tender documentation all the relevant information on how you intend to carry out the evaluation, the evaluation criteria and weightings. You must conduct the tender evaluation in accordance with the principles of the EU Treaty, as stated in the [Tender Process CPS](#).
5. The case of [Harmon v House of Commons](#) deals with the requirement for a contracting authority to act fairly in an evaluation of alternative tenders, where the

tender documentation stated that alternative proposals would be considered alongside compliant tenders. The Harmon case demonstrated that a failure to treat tenderers fairly and equally could result in a claim for damages (including not only wasted tender costs but also loss of the opportunity to make a profit).

6. The [Remedies Directive](#) established rules and procedures to be followed regarding legal challenges from suppliers and remedies which can be imposed by courts on upholding the [legal challenges](#).

## Introduction

7. Tender evaluation takes place after receipt of a tender and once the tenders have been processed by the Tender Board. You must ensure fairness, equality and impartiality during the process.

8. It is the process where the MOD evaluates the tenders received against the stated evaluation criteria. The purpose of the tender evaluation is to identify the tender offering the best Value for Money (VFM) solution to the MOD, and the tenderer to whom award the contract. Joint Service Publication ([JSP 507: MOD Guide to Investment Appraisal and Evaluation](#), Part 1 and Part 2, Chapter 8 describe the factors that make up VFM and the [Tendering Preparation and Management CPS](#) explains how to choose the correct evaluation strategy to achieve best VFM.

## Conducting the Tender Evaluation

### Confidentiality and Ethical Behaviour

9. You must conduct the tender evaluation in accordance with the process stated within the tender documentation. Where applicable this must be in accordance with the evaluation strategy stated in any adverts (e.g. Contract Notice or Possible Future Purchase).

10. You must preserve the confidentiality of the evaluation during the time period from receipt of tenders to the contract award decision. All staff must maintain the highest levels of ethical behaviour. The guiding principles are that:

- a. the conduct of individuals should not foster the suspicion of any conflict between their official duty and their private interest;
- b. the actions of individuals in their official capacity should not give the impression to anyone that they have been, or might be, influenced by a gift or consideration (including acceptance of hospitality) to show favour or disfavour to any person or organisation; and
- c. dealings with companies and others must be equitable and even-handed at all times.

## Evaluating the Tenders

11. Once you have received the tenders from the [Tender Board](#) you will need to check to make sure the minimum requirements (such as signed DEFFORM 47 Annex A (Offer) and complete tenders) have been met. The Tender Board will highlight any areas where there is a suspicion of [collusion](#); you must deal with these before you can evaluate the tenders.
12. You must make sure there are no prices stated in the unpriced commercial and technical tenders. You and the project manager should visually check that respective electronic copies are identical to the masters. Once you have completed these checks you can issue the tenders to the Tender Evaluation Panel (TEP) Chair, who will arrange copying of documents to each TEP Member. You can find guidance on the TEP at paragraph 24.
13. You must not evaluate anything that is not contained within the tenders. For example if you have asked for information on how tenderers have managed the supply chain and tenderer A does not provide this information, you must not use your knowledge of tenderer A to fill the gap.
14. In exceptional circumstances, while the tender period is still open, you find you have missed important evaluation criteria and it is within the original scope of the Contract Notice, you may issue revised evaluation criteria, ask tenderers to resubmit a tender for that element only and reconfirm their total tender price. To take into account these changes you must give the tenderers an additional 15 working days to submit their tenders. The tender response time may be shorter when an Urgent Operational Requirement (UOR) is concerned, but you must allow companies a realistic time in which to provide an adequate response.
15. If there are any issues with the tender documentation your Senior Commercial Officer (or one grade higher than the person with the delegated authority) must decide if the tender will be included in the tender evaluation. You must notify the tenderers immediately, informing them that their tender will not be evaluated and the reasons why.
16. A tender is compliant if it satisfies all the conditions and specifications in the contract documents without substantially departing from, or attaching restrictions to, the conditions or specifications. See [paragraphs 80 – 89](#) for further details.
17. Normally the commercial and technical evaluations take place separately, this is covered in further detail under each evaluation heading.

## Commercial Evaluation

18. You must check that the tender complies with any mandatory commercial requirements of the contract documents. If a tender has not met these mandatory commercial requirements, that tender will be deemed 'commercially non-compliant'.
19. For mandatory requirements you use a simple PASS / FAIL test. If the tender fails on any mandatory elements then you do not evaluate the tender further. If this is part of an evaluation process taking place in several successive rounds (as

permitted in the Negotiated Procedure and the Competitive Dialogue Procedure only) you must inform the tenderer immediately. Where this is not part of successive rounds of negotiations or dialogue, you will inform the tenderer at the same time you issue all the contract award decision letters (i.e. successful and unsuccessful letters).

20. You must examine each tender for compliance with the contract documents, in particular that:

- a. the tender is in the format stated in the tender documentation;
- b. the relevant DEFFORM 47 Annex A (Offer) is signed and unaltered and tenderer(s) have completed the mandatory return;
- c. prices are within budget (where this was stated in the tender documents);
- d. there are no substantial departures from the conditions in the tender documentation; and
- e. tenderers have accepted key DEFCONS.

21. Substantial departures or restrictions in the proposed conditions that are sufficient to result in commercial non-compliance are those which:

- a. affect the scope, quality or performance of the proposed contract;
- b. differ materially from the terms and conditions in the contract documents;
- c. limit or change the risk allocation under the contract which must be equal for all tenderers; or
- d. otherwise unfairly distort competition.

22. When you have confirmed commercial compliance, you will then evaluate the non-mandatory requirements against the evaluation criteria stated in your tender documents.

23. You must check the unpriced tenders, including all soft copies, to make sure the tenderers have not inadvertently included any prices, day rates or overheads etc.. If prices are included, you must remove them before passing the tenders onto the TEP.

24. You must keep a master list of all recipients of tender documents in the tender file. You must also remind all acquisition team members involved in tender evaluation that the relevant commercial officer must handle all communication with tenderers, in order to preserve the MOD's negotiating position.

## **Tender Evaluation Panel**

25. The TEP is responsible for evaluating tenders received in response to the MOD's tender documentation. The panel construct is defined by the project manager and usually consists of a cross-functional group of acquisition team members including any required specialists. It includes the commercial officer with the delegation to sign the

contract. For complex requirements, the acquisition team leader may decide to co-ordinate a series of specialist evaluation boards (Sub-Panels).

26. Regardless of the type of evaluation, as a minimum, the TEP members must check that the tender complies with the mandatory technical requirements of the tender documents. You can find details of this in [paragraphs 35 – 55](#) and associated Annexes.

27. You should refer any differences of opinion that the TEP cannot resolve to a commercial officer at least one grade higher than the officer with the delegation to sign the contract.

28. You must keep clear and accurate records of the evaluation process to ensure propriety. It is particularly important to record the specific strengths and weaknesses of each tender, for use in the contract decision letters as well as the debriefing process. These will be disclosable in the event of a legal challenge.

29. The delegated commercial officer should chair the commercial sub-panel, which typically includes the project manager, relevant finance officer and, where appropriate, other non-technical function specialists. You should inform these sub-panel members that the pricing information is restricted to them and they must not communicate it to members of other sub-panels.

30. Technical sub-panels should have no access to tender prices, but may have access to other commercial information. Where those panels decide to engage third party assessors outside of the acquisition team to provide specialist advice or assistance (e.g. Cost Assurance and Analysis Service (CAAS)), they must ensure confidentiality is maintained. The [Protection of Information CPS](#) provides guidance on confidentiality throughout the tender process.

31. Where price is scored the TEP will need to tell you as soon as possible if any tenders are technically non-compliant as this will affect which prices you score. It is standard practice to allocate a score to price.

## **Successive rounds of Negotiation or Dialogue**

32. Successive rounds of negotiation or dialogue are permitted under the Negotiated, Competitive Dialogue and Innovation Partnership (under PCR 2015) procedures but not under any other procedures. After each successive stage tenderers will be deselected. You must ensure there are sufficient numbers of tenderers remaining at the final stage to ensure genuine competition

33. When using successive rounds of negotiation or dialogue you need to handle the evaluation of each round as thoroughly as you do for the final round. Eliminated tenderers may request a debrief regardless of when they are eliminated. The tender documentation must make it clear there can be no re-admission following elimination.

34. Tenderers may want to know why the MOD regarded their tenders as sufficiently weak to cause elimination from the competition. You should handle such requests in accordance with [Tender Debrief and Contract Award CPS](#).

## Evaluating the Tender

35. It is best practice to book the time required to evaluate tenders in everyone's diary so that they can concentrate on the evaluation. This also reduces the chance of the times slipping.

36. All staff must carry out tender evaluation in accordance with the criteria set out in the tender documentation, (see [Tender Preparation and Management CPS](#)) and any applicable adverts. It is essential that you only score those things that were stated in the tender documentation. You must only score those things that the tenderer includes in their tender, you must not make assumptions about missing or incomplete information.

37. Below is an overview of the most commonly used evaluation strategies. There are worked examples in the associated Annexes. The evaluation strategies shown below are just some of the recommended evaluation strategies available to you and this is not an exhaustive list. Each example uses exactly the same information so you can see how the strategy affects the final outcome. You should note that these examples have only scored price and technical criteria.

## Evaluating Lowest Price

38. The lowest price method is where you accept the lowest priced tender that is technically and commercially compliant. The evaluation does not take into account any criteria other than price. The TEP must carry out the evaluation to confirm that the tenders are technically and commercially compliant.

39. This type of evaluation tends to be used for low value and / or low complexity procurements where the technical specification is of a similar technical standard. It is often used for Commercial Off The Shelf (COTS) items. A worked example is at [Annex B](#).

40. Due to the nature of this method and the emphasis on achieving the lowest price, you should use Reverse Auctions wherever possible in this situation. You can find further explanation on Reverse Auctions at [paragraph 98](#).

41. Where you are not evaluating on lowest price you will conduct the evaluation based on the Most Economically Advantageous Tender (MEAT) method. You must evaluate all economic factors.

## Evaluating MEAT – the Highest combined Technically and Financially scored Tender

42. The 'combined technical and price' score is the most common evaluation method and used for the majority of our tender evaluations. This is where the technical mark and the price are allocated a score depending on the percentage difference from the highest technical mark and the cheapest price. You can find a worked example at [Annex C](#). The worked example was provided by the EU Commission.

## **Evaluating MEAT – the Highest combined Technically, Commercially and Financially scored Tender**

43. The 'combined technical, commercial and price' is similar to the method at paragraph 45. This is where the technical mark and the price are allocated a score depending on the percentage difference from the highest technical mark and the cheapest price. Using this evaluation strategy, if there are any commercial non-mandatory elements, these will be scored separately to price. You can find a worked example at [Annex D](#).

44. This type of evaluation is the second most commonly used evaluation strategy and is used where we are asking for more innovative responses and so the commercial elements will be separated into mandatory elements and those where there is more flexibility. These more flexible elements will be scored. The mandatory elements will be evaluated as a pass / fail.

45. Depending on the complexity of your project you may want to score other elements separately, such as management. You need to decide up front how price will be scored. Traditionally price is scored separately to the commercial evaluation.

46. The individual sections are scored and then those scores are combined to give an overall score. The tender with the highest combined score is awarded the contract.

## **Evaluating MEAT – Lowest Total Value Tender**

47. The 'Lowest Total Value Tender' is similar to the technical and commercial evaluation methods. However, in this type of evaluation there is the additional element of including a cost for the MOD's time, effort and provision of certain elements in order for the requirement to be delivered.

48. When you use this evaluation you turn relative weaknesses in the tender into a cost which is then added to the tenderer's price. This type of evaluation is used to drive certain behaviours, e.g. where we want the supplier to take full responsibility for delivery of goods, works or services or where we are seeking innovation. This is an unusual evaluation strategy and any resultant contracts will usually be linked to Key Performance Indicators.

49. It is compatible with the use of a COEIA (Combined Operational Effectiveness and Investment Appraisal) during the evaluation, which you can find described in [JSP 507](#), Part 1 and Chapter 8, Part 2. If you are using a COEIA as part of the evaluation you must have already stated this in your tender documentation.

50. The tenders are assessed as technically and commercially compliant, then for every element that the MOD has to provide, or cover, a cost is added. Things that can be considered are:

- a. the provision of Government Furnished Assets;
- b. where the MOD are expected to spend a lot of time managing the outputs;

- c. where the proposed solution comes with interoperability issues that need to be managed by the MOD; or
- d. where there are gaps in the technical response that, although compliant, mean the MOD would need to source that part of the requirement from elsewhere.

51. You can find a worked example of this type of evaluation at [Annex E](#).

## **Evaluating MEAT – the Best Technical Tender that is Affordable**

52. The ‘best technical bid that is affordable’ method is where you accept the tender with the highest technical score that is affordable (i.e. within budget). The evaluation takes into account the technical score and you award the contract to the tender with the highest score, so long as it is within budget and commercially compliant.

53. This type of evaluation is rare in comparison to the other strategies outlined in this CPS and you should only use it when you are looking for highly technical and complex solutions or where the MOD is seeking innovation. A worked example is at [Annex F](#).

54. This evaluation strategy can be combined with a Type B Reverse Auction, which, instead of allocating a cost to the elements missing from the technical solution, awards nominal price discounts based on the strength of the technical solution (either a percentage or price discount can be awarded).

55. This type of evaluation is also compatible with the use of a COEIA (Combined Operational Effectiveness and Investment Appraisal) during the evaluation.

56. You must have stated the budget in the DEFFORM 47 (Invitation To Tender) if using this method, in line with the [Tender Preparation and Management CPS](#).

## **Combining Commercial and Technical Evaluations**

57. It is good practice for commercial officers to observe the technical TEP to ensure they are following the process as set out in the tender documentation. In some cases the commercial officer can facilitate the TEP and act as arbiter when individuals disagree.

58. After the individual evaluations, you will need to bring the evaluations together and you will need to arrange a tender evaluation meeting. Each member of the TEP will attend and bring their scores. You will then record the individual scores and total them up. Ensure that you do not tell the acquisition team any tender prices until you have received the technical and management scores (if applicable). All of this information is disclosable in the event of a legal challenge.



## **Only one response or one compliant response under the Open, Restricted or final round of the Competitive Dialogue Procedures**

59. If you receive only one compliant tender you can either:

- a. continue with competition under the procedure that the bid was submitted. You must satisfy yourself that the integrity of the competition has been maintained. The normal rules of clarification still apply. The clarification process must not result in material changes to the requirement or the bid. If either the MOD or the Supplier wishes to make more substantial changes that could be regarded as the result of negotiation, rather than clarification, you should consult CLS; or
- b. cancel the procedure and start again after reviewing the requirement, the sourcing strategy (including the award criteria), and contract conditions. You must only consider cancellation if the bid did not represent value for money or you suspected the receipt of one bid was due to illegal collusion among the tenderers.

## **No compliant responses received under all procedures**

60. If the requirement is subject to PCR 2006, PCR 2015 or DSPCR 2011 and you do not receive any compliant bids then you can either:

- a. negotiate directly with one (or more) suppliers under Regulation 16(1)(a)(i) of DSPCR 2011, Regulation 32(2)(a) and 32(3) of PCR 2015, or Regulation 14(1)(a)(ii) of PCR 2006, provided that the original terms of the proposed contract are not substantially altered in the negotiated procedure. You must publish a VTN in this scenario and consult CLS; or
- b. cancel the procedure and start again after reviewing the requirement, the sourcing strategy (including the award criteria), and contract conditions.

61. Competition is Government's preferred method of procurement therefore at all stages where there are none or just a single response you should review the scope of the requirement in order to keep the competition open. Where you change the scope of the requirement you must re-advertise and start the process from the Contract Notice.

## **Late, Incomplete or Amended Tenders**

62. Tenders that are not received in accordance with normal MOD Tender Board procedures fall into the following groups:

- a. a late tender. Received after the time and date stated in the tender documentation, and not covered by paragraph 61.b;
- b. a technically late tender. Delayed in transit beyond the tenderer's control or late because they didn't use a DEFFORM 28 and it was not recognised as a tender;

- c. an incomplete tender. Where information necessary for the evaluation of the tender is missing;
- d. an amended tender. The tenderer submits an amendment on their own initiative, after the time and date set out in the tender documents. You must ask a tenderer to confirm any amendments in writing, or they will not be included.

63. You should only consider late, technically late or incomplete tenders if there is no reason to doubt the integrity of the tenderers concerned. You must exercise extreme care in such cases to avoid accusations of collusion or malpractice. You must record why you evaluated the tender.

64. The minimum level of authority at which you can accept late or incomplete tenders is a commercial officer at Band C1. The decision should always be taken by a commercial officer at least one grade higher than the officer authorised to place the contract. In considering such tenders you:

- a. must evaluate technically late tenders in the normal way;
- b. can evaluate a clarified tender (i.e. where the Authority has asked clarification questions). You must only consider the clarified tender where the additional information does not significantly change the tender content;
- c. can accept an amended tender that raises the tendered price, where the tenderer gives satisfactory evidence of an error in their original price, or of altered circumstances justifying the increase; and
- d. may accept an amended tender that reduces the tendered price, where the tenderer gives satisfactory evidence of a typo such as decimal place in the wrong position, or of altered circumstances such as a take over or economic changes, justifying the reduction and is otherwise compliant. You should however treat this with caution if it is a significant reduction, see the [Bid Rigging guidance](#).

65. If you decide to consider late or incomplete tenders, you must preserve equality between tenderers. You can achieve this by requesting Revise Or Confirm Offers (ROCOs) from all tenderers still reasonably in the field of consideration.

## **Withdrawal from the Competition**

66. Where a tenderer decides to withdraw based on their commercial judgement, you must not provide them with any debrief information because it will constitute coaching. Coaching will breach the MOD's implied contract to deal fairly and evenly with all tenderers involved in the competition.

## **Unrealistically Low or High Prices in Tenders**

67. You must evaluate low or high price tenders, identify if they are unrealistic, and if you consider that they are, identify and assess the risk of accepting that tender. You need to establish the implications for the MOD and the tenderer if you award a contract based on such prices. You should carry out the investigation into low / high

tenders at the earliest opportunity and specifically before you issue the relevant DEFFORM 158 (Contract Award Decision Letter). If procuring under PCR 2015 you should refer to the guidance in [Chapter 9 Tendering and Contract Award](#) regarding abnormally low tenders.

68. If the clarification process reveals that a mistake or misunderstanding has occurred, you may invite the tenderer to adjust their tender. In these circumstances, you must give all other tenderers equal opportunity to Revise or Confirm their tenders. You must record in the contract file minute details of your investigation, conclusions, actions and reasons for taking those actions.

69. If necessary, you should consult the Cost Assurance and Analysis Service (CAAS) and request a price investigation using [DEFFORM 122](#). The investigation will assess further information on labour hours, material costs, rates and overheads where you have access to the information. The CAAS price investigation report will enable you and the other members of the acquisition team to substantiate the basis of tender prices of concern. The report should contain a recommendation as to whether it is in the MOD interests to proceed with the tender.

## Low Prices

70. A low price in a tender is one that:

- a. appears much lower by comparison to the prices of other tenders or the MOD 'should cost' estimate;
- b. is unlikely to cover the tenderers costs, even with efficient working; or
- c. seriously calls into question the tenderer's understanding of the requirement or ability to perform the contract satisfactorily.

71. The potential implications for both the MOD and the tenderer of accepting low priced tenders are:

- a. they may not necessarily offer overall best value for money and may jeopardise defence capability if you accept them;
- b. they are unlikely to incentivise the contractor to perform satisfactorily;
- c. they could become a serious financial burden on the contractor and possibly to the MOD; and
- d. they could result in failure to deliver, possibly leading to a reduction in the scope for future competitions.

72. To assess whether the tender prices are unrealistic, before accepting or declining them, you should consider whether the price is low due to:

- a. a simple mistake. The low price is due to a clerical or other simple error;

- b. the tenderer misunderstanding the requirement. This is usually accompanied with a low score in the technical evaluation;
- c. a commercial reason. Where the tenderer has made a decision that winning orders is more important than making a profit;
- d. the tenderer perceives an opportunity for 'loophole engineering'. This involves exploiting any weakness or ambiguity in the specification to increase prices after contract award;
- e. low wage rates or other unrealistic assumptions about manpower requirements. This might lead to doubts about the company's ability to recruit and retain suitably qualified personnel. When a requirement has a large element of services, it is best practice to ask for day rates. You should state that this is for evaluation purposes only and will not form part of the contract price;
- f. company cross-funding through some form of corporate financial support. This avoids the need for the company to recover the full costs of the work. This is acceptable if the tenderer fully understands the requirement, intends to fulfil the contract, and the field for future competition will be unaffected; or
- g. local, national or international subsidies that enable the company to submit a lower tender than its competitors. This is referred to under EU Regulations as State Aid. You must ask the tenderer to identify any grants etc. in the tender. To maintain equality you then add the grant, or proportion that is relevant to your procurement, back onto the price.

73. The EU Regulation 31 section 7 state that, as long as you can satisfy yourself that you can accept a low price, you can accept that price without going to ROCO.

74. It is important to distinguish between legitimate keen commercial pricing and predatory pricing (which is anti-competitive). Predatory pricing is a strategy adopted by a dominant company (or one looking for aggressive growth) to sell a product at a loss or to set its prices very low to protect market share from new or existing competitors. The aim is to either drive competitors out of the market or to create a barrier to entry.

75. Any anti-competitive practice, such as predatory pricing, is subject to control under the Competition Act 1998. If there is strong reason to believe a tenderer might be employing predatory pricing or indulging in other anti-competitive behaviour, you must refer to a Band B commercial officer for advice in the first instance. They will confirm whether you need to seek advice from CLS-CL.

76. If the price is still unrealistically low after the ROCO stage, or the clarification showed that the price did not result from a mistake or misunderstanding, then you should either examine it further or reject it. This is particularly the case if the pricing proposals appear to contravene the Competition Act 1998 or the National Minimum Wage Regulations.

77. A commercial officer at Band B or above must approve the decision to accept or decline a tender on the basis that the price is unrealistically low.

## Unrealistically High Prices

78. An unrealistically high price in a tender is one that:
- a. appears much higher by comparison to the prices of other tenders or the MOD 'should cost' estimate; or
  - b. where the tenderer is offering a solution over and above those stated in the original tender documentation; and
  - c. seriously calls into question the tenderer's understanding of the requirement.
79. The potential implications for both the MOD and the tenderer of accepting unrealistically high priced tenders are:
- a. they may not necessarily offer overall best value for money and may jeopardise defence capability if you accept them;
  - b. the additional solution offered may significantly change the scope of the procurement and put MOD at risk of a legal challenge; and
  - c. they could result in failure to deliver, and possibly lead to a reduction in the scope for future competitions.
80. You should fully consider a number of potential explanations for an unrealistically high price in a tender before accepting or declining them:
- a. a simple mistake - the high price is due to a clerical or other simple error;
  - b. the tenderer has misunderstood the requirement;
  - c. high wage rates, use of over qualified personnel or other unrealistic assumptions about manpower requirements. When a requirement has a large element of services, it is best practice to ask for day rates. You should state that this is for evaluation purposes only and will not form part of the contract price;
  - d. high overheads resulting from low order over capacity / low labour utilisation; or
  - e. additional hours stated in order to build up knowledge or cover the risk of duplicating effort. This would call into question their ability to de-risk and run the contract efficiently and effectively.
81. It is important to distinguish between high labour costs, management fees and duplication of effort as this gives you valuable evaluation information about the tenderers ability to perform the contract.

## Qualified Tenders

82. The principles of competitive tendering demand that you extend any relaxation or change to the terms and conditions, tender documentation or specification for one tenderer to all other tenderers in the competition.

83. If for any reason you want to accept qualified tenders you must make sure the evaluation criteria allow this.

## Qualified Conditions

84. Although tenderers sign the DEFFORM 47 Annex A (Offer) undertaking, this does not prevent them from expressly including different conditions in their offer. Where the proposed conditions are unacceptable or significantly change the scope of the contract, you should deem the tender commercially non-compliant or partially compliant. If you stated in the DEFFORM 47 (Invitation To Tender) that variations are acceptable you may accept proposed variations or qualified acceptance of DEFCONS, but only where they do not significantly change the scope of the contract.

85. It is best practice to state in the tender documentation how the MOD will deal with any variations. For example:

- a. you will consider any variations as non-compliant;
- b. limiting variations, such as a statement that any Limitation of a Contractor's Liability over £XM will result in additional approvals. Where additional approvals are required this may result in delays to start of the project / programme. You must clearly state if these delays would result in a lower score or non-compliance; or
- c. how you will evaluate the variations, e.g. the cost of the variation will pass to the MOD and this can then be added onto the tender price. This might be used for high risk, novel, and / or contentious requirements.

86. You should assess any variations and "price" them to reflect any liability placed on the MOD. See the [Limitation of a Contractors Liability and Indemnities guidance](#).

87. When evaluating variations you need to ensure that your evaluation criteria clearly stated that firstly you can accept variations and secondly how you will take into account the additional burden to the MOD.

88. Qualified or even alternative conditions are not classed as a variant or innovative proposal and should be evaluated as part of the commercial evaluation.

## Qualified Specifications

89. If the specification is qualified and the tender is offering a limited solution, the acquisition team must identify if the solution is technically compliant. If found technically compliant, the requirement must be evaluated in accordance with the tender evaluation criteria.

90. If tenderers are required to forward samples or describe the goods offered / materials used, the acquisition team should consult Quality Assurance (QA) staff for advice on the acceptability of the goods offered. This applies even if they are stated to be identical to goods that the MOD has previously accepted.

## Evaluating Variant Bids and Innovative Procurements

91. You will have addressed the possibility of variant bids or innovative procurements in the Contract Notice, commercial strategy and during tender i.e. you will have stated in the Contract Notice whether the MOD is willing to accept variant bids, and you will need to re-state it in the tender documents.

### Variant Bids

92. Under [DEFFORM 47](#) the tenderer is required to submit a fully costed proposal in response to the original tender documents. In addition, they can **also** provide a variant bid. A variant bid is where the tender departs from the original specification and offers an alternative solution.

93. You must evaluate the variant bid using the evaluation criteria stated in the tender documentation and ensure it is within the scope of the Contract Notice. You should reject any variant bids that are not compliant against the essential mandatory aspects of the evaluation criteria.

94. You can only evaluate a variant bid where you stated in the Contract Notice that the MOD would consider variant bids. Where you did not allow variant bids you must consider the variant non-compliant.

95. If a tenderer offers to better the MOD's required delivery date, you should treat this as a variant bid, unless the specification was specifically open enough to allow a variety of responses.

96. Under PCR 2015, where you have authorised or permitted variants you must not reject a variant bid on the sole grounds that it would, where successful, lead to a service contract rather than a public supply contract, and vice versa.

### Procuring Innovation

97. The MOD may seek [innovation](#) by keeping the specification (and therefore solutions) as open as possible. This is not to be confused with the term variant bid. The tenders you receive will have very different solutions. These can be very difficult to score in the traditional ways and therefore the evaluation strategy most used for innovative procurements is the lowest total value tender at [Annex E](#).

### Software Development

98. A DEFFORM 143 (Computer Software Development Questionnaire) must accompany tender documentation involving software development. You must treat completed DEFFORM 143s as commercially confidential and you must limit and control access to such information. Failure to provide information on DEFFORM 143 is not a

justification for treating a tender as non-compliant, but the MOD evaluation would be more uncertain. Consequently, the acquisition team may have less confidence in the proposal.

## Iterative Tendering

99. A further round of tendering is known as iterative tendering and includes the use of Reverse Auctions, Revise Or Confirm Offers (ROCOs) and Best And Final Offers (BAFOs). When using iterative tendering you must also read the relevant [The Defence and Security Public Contracts Regulations \(DSPCR\) 2011](#) and the [Public Contracts Regulations \(PCR\) 2006 and PCR 2015](#) Guidance, as the iterative process will differ depending on the Procedure you are competing under.

## Reverse Auctions

100. Reverse Auctions give an opportunity for tenderers to lower their prices. Before using a reverse auction the TEP must evaluate tenders to ensure they meet the minimum technical and commercial scores. The two common types of reverse auction the MOD use are:

- a. **Type A.** All technically and commercially compliant tenderers (as evaluated by the Acquisition Team) are eligible and invited to take part in the Reverse Auction. The auction is conducted purely on price with contracts awarded to the tenderers who win one or more lots in the Reverse Auction by submitting the lowest tender. The leading bid and the tenderer's own ranking for each lot are visible to each participant but not the identity of the bidder. Each tenderer can seek to improve their position by submitting bids that amend down their offered price. This is compatible with the cheapest price evaluation strategy.
  
- b. **Type B.** The Reverse Auction and consequent contract award is based on multiple evaluation criteria and weightings, evaluated and scored prior to the auction. All technically / commercially compliant tenderers are eligible and invited to take part in the Auction, and are advised of their overall evaluation score. The tender scoring / weighting criteria and price are then used to automatically determine the ranking of tenderers during the Auction by use of a Comparator Price. Each tenderer sees their own Comparator Price and ranking for each lot during the Auction. As a result each tenderer can seek to improve their ranking by submitting bids that amend the price or, if these are biddable, the non-price factors being auctioned (e.g. earlier delivery). Contracts will be awarded to tenderers who win lots in the Auction by submitting the winning Comparator Price, or tender offer if lower. This is compatible with MEAT evaluation strategies, and type B Reverse Auctions can be adapted to use the weightings etc. from your evaluation strategy, for example to show tenderers their overall points score in comparison to the lead tenderer.

101. Remember, to use this tool you must have stated in the Contract Notice that you may be using a Reverse Auction.



## Revise or Confirm Tenders

102. Where a specific element of the requirement needs to be altered, and the change does not alter the scope of the requirement, you can invite formal Revise Or Confirm Offer (ROCO) tender. You can use ROCOs to resolve issues during competition. Before issuing any ROCO, you must consult [CLS-CL](#).

103. You should explain to each tenderer their specific areas that require attention and provide them all with copies of any additional or amended information. You must not lead them to any particular solutions or offer guidance that you are not making available to all tenderers.

104. You should use ROCO tendering selectively to ensure that the patience, goodwill and financial resources of tenderers are not exhausted and that it does not become regarded as 'the norm'. You must keep the number of iterations to the absolute minimum and used in exceptional circumstances only.

105. You must treat ROCO tenders in the same way as initial tenders, by submitting them through the Tender Board and evaluating them with the same Tender Evaluation Panel.

106. ROCOs are very costly to both the MOD and Tenderers and you should use them appropriately and sparingly. It is better and more cost effective to use one of the other methods of reiterative tendering, such as Reverse Auctions.

## Best and Final Offers (BAFOs)

107. Best And Final Offers (BAFOs) are not a recommended practice and you should only consider BAFOs on purchases valued at over £1M, unless you anticipate significant further savings. Only a commercial officer at Band C1 level or above (in consultation with the acquisition team leader) may decide to seek BAFOs. Before issuing any BAFO, you must consult [CLS-CL](#).

108. BAFOs are costly to both the MOD and the tenderers and often delay the delivery of the requirement. Therefore, it is best practice to identify in the tender documentation what will happen in the event of two scores being the same, as detailed in the [Tender Preparation and Management CPS](#).

109. Under the Negotiated, Competitive Dialogue or Innovation Partnership (under PCR 2015) procedure, BAFOs are the final round, which you must make clear to tenderers at the time.

110. You must treat BAFOs in the same way as initial tenders, returning them through the Tender Board in the normal way. They are then evaluated with the same TEP. You must inform tenderers of their relative ranking position based on the prices offered in the previous round, and on how many other tenderers are still in contention, but you must not lead them to any particular solutions or offer guidance that you are not making available to all tenderers.

111. It is essential that you do not disclose any information that might enable a tenderer to identify the other BAFO tenderers or their relative positions in the ranking.

## Post Tender Negotiations

112. Post tender negotiations (PTN) are part of the Negotiated procedure only and for procurement exempt from the EU Regulations. You negotiate with the tenderers to adapt their tenders to the requirements specified in the contract documents. You must not use post tender negotiations for any requirements that were advertised under the Open, Restricted or Competitive Dialogue<sup>1</sup> procedures.

113. During negotiations you must ensure equal treatment among all tenderers and in particular you must not provide information in a discriminatory manner which may give some tenderers an advantage over others. You should make it clear to the tenderers you wish to engage in PTN, that contract award depends on the satisfactory conclusion of negotiations.

114. Factors that might prompt a decision to use the negotiated procedure include;

- a. the size of the contract;
- b. the overall volume of the MOD's business with the company; and
- c. the general trading situation with regard to the particular purchase or type of purchase.

115. Only a commercial officer at Band C1 or above may decide to enter into PTN. You should then nominate a commercial officer with the necessary authority to conduct negotiations, within a clearly defined time scale.

116. You must create a detailed written record of the negotiations and tenderers should confirm by letter any improvements made in their tenders, before you place any contract. You will need to reference these letters in the contract award letter.

117. If a tenderer is unable to improve or clarify its offer, you will need to consider whether that tender is compliant and whether the price is fair and reasonable.

118. It might be appropriate to invite some or all of the tenderers (including the ones already approached in PTN) to submit their BAFOs. In exceptional circumstances, you might consider pricing the requirement non-competitively under the [Pricing of Single Source Non-qualifying contracts](#) guidance.

## Contract Award

119. After the TEP has reached a decision you must award the contract in accordance with the [Tender – Contract Award and Tender Debrief CPS](#).

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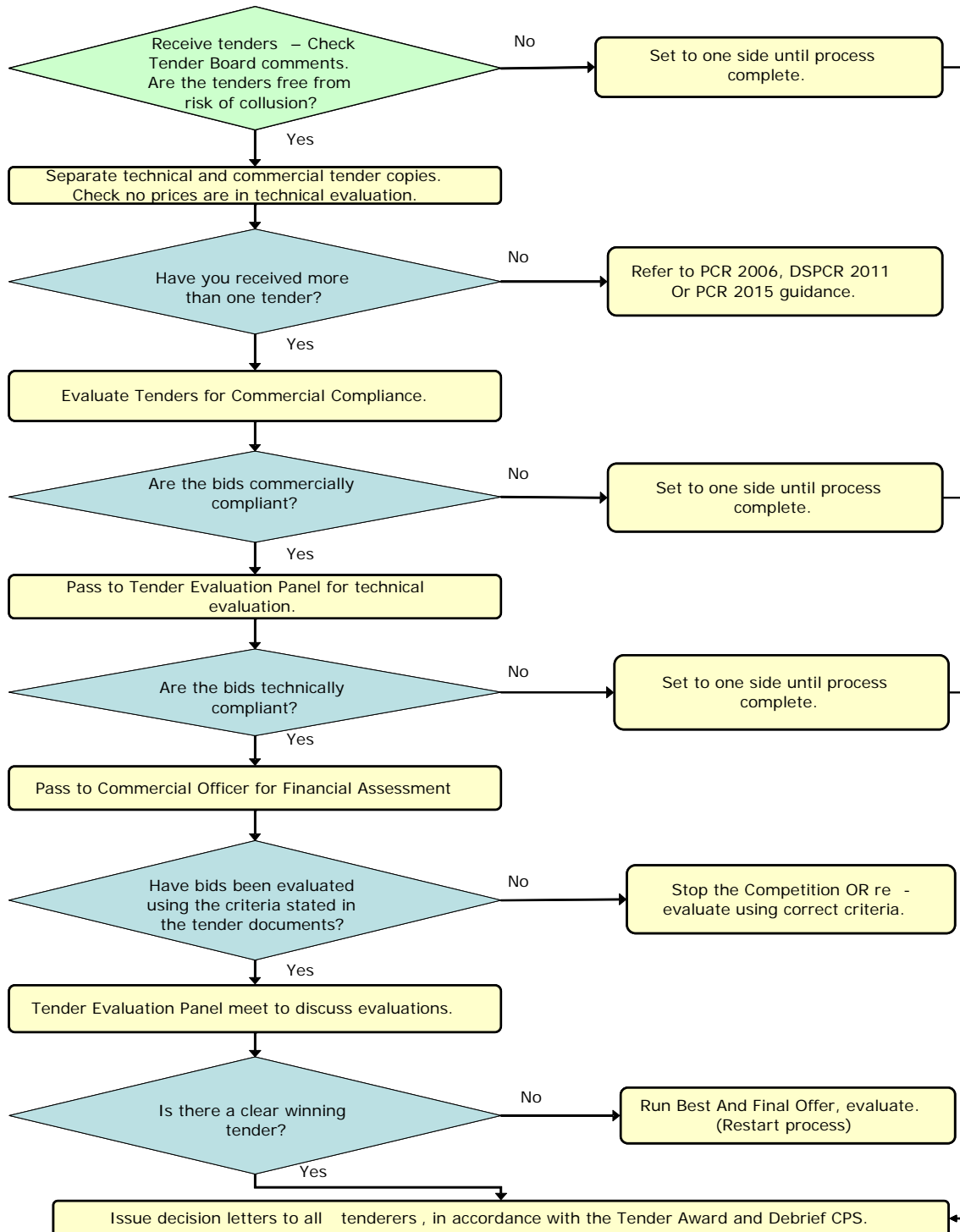
<sup>1</sup> Competitive Dialogue will involve iterative tendering submissions, this is not to be confused with negotiations.

## **Contacts, Training and Further Information**

120. The [Web Access Page](#) for this topic contains a summary of the topic, details of who you can speak to for advice, and what training is available. It also contains links to other relevant topics and information.

## Annex A

# The Tender Evaluation Process



The process excludes the Reverse Auction process.

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## Annex B

### Evaluating 'Lowest Price'

1. This is where you accept the lowest priced tender that is technically and commercially compliant. The technical and commercial elements are a simple PASS / FAIL test. You must not use any other scoring method, and any considerations such as quality, security etc. must be part of the minimum technical requirement.

2. After you have identified the compliant tenders, the lowest priced tender is chosen. This method of evaluation is used for simple requirements typically goods and services where you have a standard technical performance, such as Commercial Off The Shelf (COTS) items.

#### Choosing the successful tender

3. The successful tender is the least expensive tender classified as 'commercially compliant' and 'technically compliant' during the tender evaluation.

4. Table 1 demonstrates the evaluation results based on 'lowest price' where the winning tender is Tender D.

Table 1

Tender	Technically Compliant	Commercially Compliant	Price	Outcome
A	Yes	Yes	£1,235,732	Unsuccessful tender, technically and commercially compliant but with higher price
B	No	Yes	£950,000	Unsuccessful tender, technically non-compliant
C	Yes	Yes	£1,356,721	Unsuccessful tender, technically and commercially compliant but with higher price
D	Yes	Yes	£1,189,621	Successful tender, lowest priced, technically and commercially compliant tender
E	Yes	No	£1,798,598	Unsuccessful tender, commercially non-compliant

5. This type of Tender Evaluation is compatible with Reverse Auction Type A.

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## Annex C

### Most Economically Advantageous Tender (MEAT) Evaluating Technical and Price using a Percentage Score

1. This method can be used for the majority of requirements. It is the method used in examples provided by the EU Commission in the DSPCR guidance, chapter 15, [Conducting the Tendering Exercise](#).
2. You must state in the tender documentation that the commercial element is a simple PASS / FAIL test with regard to whether the tender meets the minimum commercial requirements as was stated in the tender documentation.
3. The technical elements are marked against the individual award criteria and totalled. Anything below the minimum total technical mark (in this example 140) will be considered technically non-compliant, and will not be allocated a technical score. The technical score is the score given in comparison to the best compliant technical tender.
4. Where a tender is commercially non-compliant you will not allocate a technical score. During the tender evaluation as the commercial and technical evaluations are carried out at the same time bids may receive a technical mark.
5. The evaluation is out of 100 (as this represents 100% of the total score) and in this example the split is 60/40<sup>2</sup> technical / pricing. You allocate a score of 60 to the best technically compliant tender and calculate the technical scores of the other tenders using a percentage (%) difference method. You allocate a score of 40 to the lowest price and calculate a score for the price on the remaining tenders using a percentage (%) difference method. This ensures that you treat the technical and pricing scoring in the same way and produce a consistent result.

#### Scoring Technical

6. You must take care to ensure that the scoring method you use is fair and reasonable, proportionate and does not discriminate in favour of any tenderer.
7. The technical scores for this example are worked out using the following calculation. The calculation uses tender C's marks, from Table 2.1, as an example.

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<sup>2</sup> The split is negotiated within the acquisition team and is based on a variety of factors and the figure shown is purely illustrative.

$$\begin{aligned}
 \text{Technical Score} &= \text{Total Available Marks} \times \left[ \frac{\text{Tender Technical Mark}}{\text{Highest Technical Mark}} \right] \\
 &= 60 \times \left[ \frac{153}{176} \right] \\
 &= 60 \times 0.869 \\
 \text{Technical Score} &= 52.16 \text{ (52.2 rounded to one decimal place)}
 \end{aligned}$$

### Scoring Price

8. You use a similar calculation for price. Again, the following calculation uses tender C as an example:

$$\begin{aligned}
 \text{Pricing Score} &= \text{Total Available Marks} \times \left[ \frac{\text{Lowest Priced Technically and Commercially Compliant Tender}}{\text{Tender Price}} \right] \\
 &= 40 \times \left[ \frac{\pounds 1,189,621}{\pounds 1,356,721} \right] \\
 &= 40 \times 0.877 \\
 &= 35.07 \text{ (35.1 rounded to one decimal place)}
 \end{aligned}$$

9. The technical and pricing scores are shown for all 5 tenders in table 2.1.

Table 2.1

Tender	Technical Mark	Technical Score	Commercial Compliance	Price	Pricing Score
A	176	60	Yes	£1,235,732	38.5
B	112	0	Yes	£950,000	Not scored, technically non-compliant
C	153	52.2	Yes	£1,356,721	35.1
D	151	51.5	Yes	£1,189,621	40
E	196	0	No	£1,798,598	Technically compliant but not allocated a score as commercially non-compliant

### Running a Reverse Auction with this percentage score method

10. This percentage score method is compatible with Reverse Auction (RA) Type B. Usually a Reverse Auction is based on price, however when using this evaluation

strategy the RA will be run using a scoring methodology. This works by the technical element receiving a score and the price receiving a score as shown in this Annex. During the RA the tenderer will input a price, and the auction website will automatically allocate a score. The tenderers will see the lowest price, the resultant total scores and their ranking.

11. The split between technical and price will be taken into account when the calculations are worked out for the RA.

### Choosing the successful tender

12. The technical and pricing scores are added together to give a total score that takes account of all award criteria. The successful tender is the one with the highest total score classified as 'commercially compliant' within the stated budget. In this example, the score for Tender A is  $60 + 38.5 = 98.5$ , which makes it the winning tender when all other scores are calculated.

13. Table 2.2 demonstrates the evaluation results using the percentage score method for the 'MEAT - combined technical and price' evaluation.

Table 2.2

Tender	Technical Score	Price	Pricing Score	Total Score	Outcome
A	60	£1,235,732	38.5	98.5	Successful tender, technically and commercially compliant, highest total score
B	0	£950,000	0	0	Unsuccessful tender, technically non-compliant so can not be awarded the contract
C	52.2	£1,356,721	35.1	87.3	Unsuccessful tender, technically and commercially compliant, lower total score
D	51.5	£1,189,621	40	91.5	Unsuccessful tender, technically and commercially compliant, lower total score
E	0	£1,798,598	0	0	Unsuccessful tender, commercially non-compliant so can not be awarded the contract



14. If you have two tenders that have the same score, where you stated how this would be dealt with in the tender documentation (See [Tender preparation and Management CPS](#)), then you must follow that process. Where you did not state in the evaluation criteria how you will deal with this situation, you must ask all compliant tenderers for a Best And Final Offer (BAFO) in accordance with the Tender Evaluation CPS.

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## Annex D

### **Most Economically Advantageous Tender (MEAT) Evaluating Technical, Commercial and Price using a Percentage Score**

1. You must state in the tender documentation that the commercial element is split into two parts, the mandatory element as a PASS / FAIL test (i.e. it has met the minimum commercial requirements stated in the tender documentation) and the non-mandatory element receives a score in the same way as the pricing and technical elements scoring.
2. The technical elements are marked against the individual award criteria and totalled. Anything below the minimum total technical mark (in this example 140) will be considered technically non-compliant, and will not be allocated a technical score. The technical score is the score given in comparison to the best compliant technical tender.
3. Where a tender is commercially non-compliant you will not allocate a technical score. During the tender evaluation as the commercial and technical evaluations are carried out at the same time bids may receive a technical mark.
4. The evaluation is out of 100 and in this example the split is 50 / 30 / 20 technical / commercial / pricing. The technical elements are marked against the individual award criteria and totalled. Anything below the minimum total technical mark (in this example 140) will be considered technically non-compliant.
5. You must take care to ensure that the scoring method you use is fair and reasonable, proportionate and does not discriminate in favour of any tenderer. Scores for price should be directly proportional to percentage price difference.
6. For a 50 / 30 / 20 split, a score of 50 is allocated to the best technically compliant tender and the technical scores for the other tenders are calculated using a percentage (%) difference method. A score of 30 is allocated to the best commercial score and the commercial score for the other tenders is calculated using a percentage (%) difference method. The lowest priced tender is allocated a score of 20 and the pricing score for the remaining tenders is scored using a percentage (%) difference method. This method ensures that you treat the technical, commercial and pricing scoring in the same way and produce a consistent result.

### Scoring Technical

7. The technical scores for this example are worked out using the following formula. The formula uses tender C as an example.

$$\begin{aligned}\text{Technical Score} &= \text{Total Available Marks} \times \left[ \frac{\text{Tender Technical Mark}}{\text{Highest Technical Mark}} \right] \\ &= 50 \times \left[ \frac{153}{176} \right] \\ \text{Technical Score} &= 50 \times 0.869 \\ &= 43.47\end{aligned}$$

### Scoring Commercial

8. The same calculation is used for the commercial element, again using tender C as an example.

$$\begin{aligned}\text{Commercial Score} &= \text{Total Available Marks} \times \left[ \frac{\text{Tender Commercial Mark}}{\text{Highest Commercial Mark}} \right] \\ &= 30 \times \left[ \frac{149}{168} \right] \\ &= 30 \times 0.887 \\ &= 26.61\end{aligned}$$

### Scoring Price

9. Using tender C as an example, the pricing score is worked out using the following calculation.

$$\begin{aligned}\text{Pricing Score} &= \text{Total Available Marks} \times \left[ \frac{\text{Lowest Priced Technically and Commercially Compliant Tender}}{\text{Tender Price}} \right] \\ &= 20 \times \left[ \frac{\pounds 1,189,621}{\pounds 1,356,721} \right] \\ &= 20 \times 0.877 \\ &= 17.54 \text{ (17.5 rounded to one decimal place)}\end{aligned}$$

10. Table 3.1 demonstrates the results for all 5 tenders.

Table 3.1

Tender	Technical		Commercial		Price	Pricing Score
	Mark	Score	Mark	Score		
A	176	50	168	30	£1,235,732	19.3
B	112	0	90	0	£950,000	Not scored, technically non-compliant
C	153	43.5	149	26.6	£1,356,721	17.5
D	151	42.9	167	29.8	£1,189,621	20
E	196	0	0	0	£1,798,598	Technically compliant but not allocated a score as commercially non-compliant

### Running a Reverse Auction with this percentage score method

9. This percentage score method is compatible with Reverse Auction (RA) Type B. Usually a Reverse Auction is based on price, however when using this evaluation strategy the RA will be run using a scoring methodology. This works by the technical element receiving a score and the price receiving a score in the same as per this annex. During the RA the tenderer will input a price, and the auction website will automatically allocate a score. The tenderers will see the lowest price, the resultant total scores and their ranking.

10. The split between technical and price will be taken into account when the calculations are worked out for the RA. Due to the price being a significantly smaller factor, RAs would only be applicable for tenders valued at £250k or above.

### Choosing the successful tender

11. The technical, commercial and financial scores are added together to give a total score that takes account of all award criteria and the successful tender is the highest scoring tender classified as technically and commercially compliant within the stated budget. Here, the score of Tender A is  $50 + 30 + 19.3 = 99.3$ , which makes it the winning tender.

12. Table 3.2 demonstrates the evaluation results using the percentage score method for the 'MEAT - combined technical, commercial and price' evaluation.

Table 3.2

Tender	Technical Score	Commercial Score	Price	Pricing Score	Total Score	Outcome
A	50	30	£1,235,732	19.3	99.3	Successful tender, technically and commercially compliant highest total score
B	0	0	£950,000	0	0	Unsuccessful tender, technically non-compliant so can not be awarded the contract
C	43.5	26.6	£1,356,721	17.5	87.6	Unsuccessful tender, technically and commercially compliant but with lower total score
D	42.9	29.8	£1,189,621	20	92.7	Unsuccessful tender, technically and commercially compliant but with lower total score
E	0	0	£1,798,598	0	0	Unsuccessful tender, commercially non-compliant so can not be awarded the contract

13. If you have two tenders that have the same score where you stated how this would be dealt with in the tender documentation, (See [Tender preparation and Management CPS](#)), then you must follow that process. Where you did not state in the evaluation criteria how you will deal with this situation, you must ask all tenderers for a Best And Final Offer (BAFO) in accordance with the Tender Evaluation CPS.

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## Annex E

### Evaluating MEAT – Lowest Total Value Tender

1. This method of evaluation converts the weaknesses in the technical score into a cost to the MOD. Therefore you must state in the tender documentation that the evaluation will include the costs that MOD will incur for managing the processes to supporting each proposal. This is used where MOD is expecting different solutions, therefore making it difficult to mark the tenders in the traditional manners.
2. When using a Reverse Auction with this method, the Reverse Auction will convert the strengths of the technical scores into a discount, either in a percentage or costed reduction. This reflects the overall value of each bid, and rewards additional technical merit.
3. You must state in the tender documentation the minimum technical requirements and how the technical requirements will be scored. This evaluation is unusual in the fact that you add the costs the MOD will incur for managing the process to the tender price to give a total cost to the MOD.
4. To work out the internal costs to the MOD, the acquisition team need to review the performance, time and cost parameters of the project. How this affects the evaluation is as follows:
  - a. Performance – Tenderer A may offer higher skilled staff to complete the task, this will cost more, however a higher skill set should reduce the time it takes to complete the task and reduce the involvement from the MOD to ensure delivery of the requirement.
  - b. Time – If tenderer B offers additional staff at peak times to give an improved delivery date, this may mean the MOD can save money on storage or start using the building / equipment sooner and so reducing maintenance costs.
  - c. Cost – This is the cost of the tender and the cost of the performance and time parameters. This will give a total cost to the MOD and the cheapest value tender is considered acceptable.
5. Using this evaluation method the technical evaluation must identify any items that the MOD will have to provide instead, such as paper costs, Government Furnished Assets, management, technical support to the project etc.. Although you cannot know exactly how much a particular element may cost the MOD before you receive the tenders, the acquisition team should research and have a rough idea of costs for a particular set of skills, a piece of equipment etc. These costs should be stated in the evaluation and the following caveat applied:

“The costs in the evaluation are indicative costs only, true internal costs can only be identified after careful evaluation of the tenders”
6. You must take care to ensure that the scoring method you use is fair and reasonable, proportionate and does not unfairly discriminate in favour of any tenderer. Scores for price should be directly proportional to price difference.

## Commercial Compliance test

7. You will check that the tender complies with the mandatory commercial requirements of the contract documents. You should not use a scoring method for these elements. It is a simple PASS / FAIL test for those elements specified as mandatory in the contract documents.

8. On completion, you will pass all compliant tenders to the Tender Evaluation Panel for technical evaluation. These must not have any prices in, as this may inadvertently affect the scoring.

## Technical Evaluation

9. The tender must satisfy the minimum technical standards to achieve technical compliance (in this case a minimum score of 140 must be achieved). You must not change the minimum standards communicated to the tenderers in the tender documents.

10. Any technical considerations, such as quality, safety, and sustainability may be scored so long as they were stated in the original tender documentation.

## Running a Reverse Auction with this total value method

11. This total value method is compatible with Reverse Auction (RA) Type B. The Reverse Auction, instead of adding a cost where the requirement is lacking, will reward those tenders with high technical scores. Each tender is given a price or percentage discount, based on the technical evaluation. This discount will then be applied to prices submitted during the RA. When the tenderer inputs a price, the computer will automatically reduce that price to take into account the discount awarded on the basis of their technical score. The resultant price is the Comparator price. The tenders see the lowest line item prices, together with the lowest adjusted Comparator price total, and their ranking for each.

## Choosing the successful tender

12. You will price those elements the MOD has to provide and this cost is "added" to the total cost to the MOD to give the best value tender. This is illustrated in table 4.1 below.

Table 4.1 Cont'd

Tender	Technical Score	Cost to MOD	Price	Total Cost to MOD	Outcome
A	176	£340, 536	£1,235,732	£1,576,268	Unsuccessful tender, compliant but total cost to MOD higher than tender D
B	112	£850,435	£950,000	£1,800,435	Unsuccessful tender, non-compliant

Tender	Technical Score	Cost to MOD	Price	Total Cost to MOD	Outcome
C	153	£340,218	£1,356,721	£1,696,939	Unsuccessful tender, compliant but total cost to MOD higher than tender D
D	151	£128,780	£1,189,621	£1,318,401	Successful tender as it has the total the lowest combined cost to the MOD.
E	196	£35,000	£1,798,598	£1,833,598	Unsuccessful tender, commercially non-compliant

Table 4.1 Cont'd

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## Annex F

### Evaluating Most Economically Advantageous Tender (MEAT) – The Best Technical Tender that is Affordable

1. This is where the tender with the highest technical score is awarded the contract, so long as they are within budget. This type of evaluation is rare and is normally used where the solution is highly technical or complex.

2. In this example, the budget is £1.6M, which you **must** state in the tender documentation. You must include the following words in Section D of the DEFFORM 47 if you are using this award criteria:

'The contract shall be awarded to the best technical tender that is within budget. The budget for this procurement is £XXX,XXX.00. Any tenders received that are in excess of this budget will be automatically deemed non-compliant.'

3. Where you use this method, evaluation of the commercial element is usually simple PASS / FAIL test. The technical elements are scored and if necessary weighted. When using this method you must state the minimum technical score and any tender below the score (in this example 140) will be considered technically non-compliant.

4. You may score any technical considerations, such as quality, safety, sustainability so long as you stated this in the original tender documentation.

#### Choosing the successful tender

5. The successful tender is the highest scoring tender classified as 'commercially compliant' within the stated budget.

6. Table 5 demonstrates the evaluation results based on 'MEAT – the best technically affordable tender' where tender A is the winning tender.

Table 5

Tender	Technical Mark	Commercially Compliant	Price	Outcome
A	176	Yes	£1,235,732	Successful tender, highest technical score that is within budget
B	112	Yes	£950,000	Unsuccessful tender, technically non-compliant, as mark was less than the required 140.

<b>Tender</b>	<b>Technical Mark</b>	<b>Commercially Compliant</b>	<b>Price</b>	<b>Outcome</b>
C	153	Yes	£1,356,721	Unsuccessful tender, technically compliant but with lower technical score
D	151	Yes	£1,189,621	Unsuccessful tender, technically compliant but with lower technical score
E	196	No	£1,798,598	Unsuccessful tender, deemed non compliant as over budget

Table 5 cont'd

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