

## **Appendix A: Tender Evaluation**

### **Tender Evaluation**

1. Tenders were invited on 13<sup>th</sup> June 2018 with a closing date of 27<sup>th</sup> July. Two bidders withdrew during the tender period with the remaining five bidders all returning completed tenders by the closing date and time.
2. A panel comprising Council officers, residents and consultants Savills evaluated the submissions. Tender submissions were evaluated on a pre-determined quality / price ratio of 60:40. A total of 250 marks were available where 100 marks (40%) were allocated to price and 150 marks (60%) to the qualitative aspects of the bids.
3. Both aspects of the evaluation were undertaken separately of each other so that reviewers evaluating the qualitative submissions would not be influenced by having any prior knowledge of the Tenderer's price.
4. In accordance with the Council's corporate procurement policy and the advice of LGSS Law Limited; to comply fully with the Public Contracts Regulations 2015 Restricted Procedure that governed this procurement, tender interviews did not form part of the evaluation. The assessment was made solely following a desk top evaluation of the detailed written tenders.

### **Open Book Pricing**

5. The whole of the Programme will be managed by way of Open Book Accounting. That will require the Provider to declare their actual costs and allow the Council access to their books, ledgers, suppliers invoices, operative time sheets and the like at any time so that joint decisions can be made on improving productivity and value for money whilst preserving the Provider's margins.
6. An Open Book Review will be held quarterly chaired by an independent cost consultant to assess and validate all costs associated with the Programme.
7. One of the abiding principles of Open Book Accounting under this Contract is shared budget and cost control. In the event the Programme is projected to over spend any agreed budget, the Alliance Members will agree the interventions necessary to ensure the programme remains affordable. In the event the Provider

exceeds any agreed budget without the Client's prior approval, the cost of completing those works or services may be met by the Provider.

8. Tenderers were required to submit prices for their Site Based Overheads (Preliminaries), Central Office Overheads and Profit separately from the cost of the works for each work stream. This enabled a comprehensive assessment of the actual cost of the works to be undertaken in tandem with a review of each Tenderers costs to deliver them.

### **Incentivisation**

9. The Council wishes to incentivise the Provider to deliver actual, audited savings from the annual budget for each work stream. In that regard, Providers were invited to tender the percentage of any such saving (as confirmed in the final Open Book Report for each year) they would be paid (the 'Gain') along with the percentage of any unauthorised over spend) that would be returned to the Council (the 'Pain').
10. Those tendered percentages will remain unchanged throughout the Contract Term unless with the express, written approval of the Council.

### **Evaluation of Price**

11. A pre-tender estimate was prepared for the Programme based on the project teams' knowledge and understanding of the prevailing market. The pre-tender estimate for the Programme was valued at £12,735,484.
12. An analysis of the prices received compared to the pre-tender estimate are summarised in Table 1 overleaf.

**Table 1 – Tenders Received**

<b>Tenderer</b>	<b>Tender Sum</b>
Tenderer A	£11,465,449.53
Tenderer B	£12,890,591.98
Tenderer C	£12,541,804.46
Tenderer D	£12,143,608.47
Tenderer E	£12,535,787.39
Pre-Tender Estimate	£12,735,484.00

13. Prices were scored against a simple model to provide a fair analysis of each element of the Tenderers bid. Prices for the net cost of the Works were scored separately from the Overheads and the Pain and Gain mechanism.
14. A maximum of 100 Marks were available for Price with the Gain mechanism apportioned 20 marks, the Pain mechanism 10 marks, the cost of delivering the Core Services 40 marks and the Additional Services, 30 marks.
15. Tender prices were scored against that weighting all as described to Tenderers in the Invitation to Tender documents and again at the Mid-Tender Briefing.
16. By way of an example, the maximum available for Core Works is 40 marks. The lowest acceptable Core Works price is that of Tenderer A at £7,054,535.73 with the second lowest being Tenderer C at £7,350,362.44. Tenderer C were therefore awarded 38.39 marks being 95.98% of the maximum marks available:

$$£7,054,535.74 / £7,350,362.44 \times 100 = 95.98\%$$

$$40 \text{ marks} \times 95.98\% = 38.39 \text{ marks}$$

17. Table 2 overleaf below sets out the scores applied to each of the tenders received using that scoring mechanism. The price offering the best value for money is shaded in green.

**Table 2 – Price scoring**

Tenderer	Gain %	Score max 20 marks	Pain %	Score max 10 marks	Core Works	Score max 40 marks	Add Works	Score max 30 marks
Tenderer A	25%	15.00	100%	10.00	7,054,535.73	40.00	4,410,913.80	30.00
Tenderer B	0%	20.00	90%	9.00	8,034,518.78	35.12	4,856,073.20	27.25
Tenderer C	0%	20.00	100%	10.00	7,350,362.44	38.39	5,191,442.02	25.49
Tenderer D	0%	20.00	50%	5.00	7,447,629.32	37.89	4,695,979.15	28.18
Tenderer E	10%	18.00	90%	9.00	7,784,634.59	36.25	4,751,152.80	27.85

Tenderer	Total Tender Sum	Total Score Max 100 marks	Rank
Tenderer A	£11,465,449.53	95.00	1
Tenderer B	£12,890,591.98	91.37	3
Tenderer C	£12,541,804.46	93.88	2
Tenderer D	£12,143,608.47	91.07	5
Tenderer E	£12,535,787.39	91.10	4

18. The prices received ranged from £11.46m to £12.89m; an average bid of £12.3m that compares favourably to the Council's pre-tender estimate of £12.7m. The bid recommended for acceptance is within 10% of the pre-tender estimate that falls within a satisfactory margin and meets the Council's expectations.
19. The price from Tenderer A recommended for acceptance is just under 10% lower than the pre-tender estimate and 6.9% lower than the average of all five tenders. Analysis found they were comparable to the other bidders across all net works costs but their percentage for Overheads and Profit was some 6% lower.
20. Tenderer A's total bid for Overheads and Profit for all Core and Additional Services equated to 14.05% of the net cost of the works that compared to an average of 20.1% across all five bids. It was found they had not priced for any additional Overhead to deliver the Additional Services that had the effect of reducing their overall total.
21. In their response to a clarification request of 17<sup>th</sup> August, Tenderer A confirmed they could deliver the quoted throughput of Additional Works without having to increase their site based resources that meant they were able to hold the level of their tendered Overheads. Note the Contract does not permit any increase to the Overhead (or any price) without the approval of the Core Group that governs the Programme.

### **Evaluation of Quality**

22. The qualitative assessment was measured against 17 'Tender Action Points' set out in the Invitation to Tender document covering the service areas listed in Table 3 below:

**Table 3 – Tender Action Points**

<b>TAP</b>	<b>Topic</b>	<b>Marks Available</b>
1	Service delivery (method, mobilisation, programme)	30
2	The Alliancing Team (resources, structure, Core Group)	10
3	Open Book Accounting	20
4	Unequivocal acceptance of the Contract	Pass / Fail
5	Sustainability (minimising waste, carbon reduction)	5
6	Resident involvement (method, resource, liaison, access)	30
7	Alliancing with the Supply Chain (supply chain involvement)	10
8	Quality management (system for zero defects)	10
9	IT (links to the Council's parent ICT system)	20
10	Acceptance of specified Key Performance Indicators	Pass / Fail
11	Risk management	5
12	Compliance with specified insurance and security cover	Pass / Fail
13	Social Value (incl. apprenticeships, training, local employment)	5
14	Health & Safety	5

<b>TAP</b>	<b>Topic</b>	<b>Marks Available</b>
15	Organisation information (any change since the SQ was submitted)	Information only
16	Submission of Confidentiality and Non-Collusion certificates	Pass / Fail
17	Submission of the completed Pricing Framework	Pass / Fail
	<b>Total marks available</b>	<b>150</b>

23. Evaluation of the Tenderer's qualitative submission were undertaken by a team of council officers, tenant representatives and the independent consultant.
24. The evaluation of each Tenderer's submission was based on the criteria set out in the Invitation to Tender and was scored against pre-determined weightings for each criterion. Each member of the team undertook an independent evaluation and then agreed combined quality scores.
25. Bidders were advised in the Invitation to Tender that scores will be adjusted after marking so that the Tenderer with the highest score for quality will be awarded 60% of the marks (i.e. full marks). All other Tenderers' scores would be adjusted by the same ratio to reflect the difference between their score and the score of the highest scoring Tenderer. This approach ensures the quoted 60:40 split between quality and price is maintained.
26. As expected at this stage of the process, the tender submissions were to a good level of quality with just 25 marks separating the bids. A summary of the scores awarded to each Tenderer are set out in Table 4 below where 150 marks are the maximum available. The top qualitative bid is shaded in green:

**Table 4 – Qualitative Evaluation results**

<b>Tenderer</b>	<b>Weighted Score</b>	<b>Adjusted to 60% Weighting</b>	<b>Rank</b>
Tenderer A	135.00	148.35	2
Tenderer B	123.00	135.16	3
Tenderer C	120.00	131.87	4

Tenderer D	113.00	124.18	5
Tenderer E	136.50	150.00	1

27. Having taken account of the scoring applied to Price and Quality for each Tenderer and based on the published evaluation criteria, Table 5 below summarises the outcomes of the process and highlights Tenderer A as the highest scoring bidder.

**Table 5 – Tender Outcome**

Tenderer	Price	Price Score (max 100)	Quality (max 150)	Total Score (max 250)	Rank
Tenderer A	£11,465,449.53	95.00	148.35	243.35	1
Tenderer B	£12,890,591.98	91.37	135.16	226.53	3
Tenderer C	£12,541,804.46	93.88	131.87	225.75	4
Tenderer D	£12,143,608.47	91.07	124.18	215.25	5
Tenderer E	£12,535,787.39	91.10	150.00	241.10	2

### **Feedback to Tenderers and Leaseholder Consultation**

28. Under Regulation 86 of the Public Contracts Regulations, 2015; the Council is required to give reasons to each Tenderer as to why their bid was successful or unsuccessful. However, the Council may not issue such feedback until the Executive have approved the recommendations in this report and the Home Ownership Team have concluded the second stage of formal consultation with Leaseholders (the 'Notice of Proposal').

29. It is expected Notices of Proposal will be issued to leaseholders affected by the Programme in late October with the consultation period due to expire in early December. Subject to any leaseholder's observations being concluded to their satisfaction, Savills will then issue detailed feedback (known as the 'Regulation 86 letters') to each Tenderer on behalf of the Council in December.

30. Among other things, the Regulation 86 letter offers 10 calendar days (the 'Standstill Period') from the date of issue for the unsuccessful Tenderers to seek further clarification for the reasons they were not appointed, or to lodge a formal

challenge if they feel the process in any way breached the Regulations. During that 10 day Stand Still Period, the Council may not proceed further until the expiry date passes without challenge. Savills will deal with any requests for clarification or challenges that may arise during that period.