

Item No.	Classification: Open	Date: 23 April 2014	Meeting Name: Strategic director of housing and community services
Report title:		Gateway 2 Gilesmead Heating Renewal - replacement of Communal Heating & Hot Water Installation	
Ward(s) or groups affected:		Camberwell Area – Brunswick Ward	
From:		Head of Major Works	

RECOMMENDATIONS

1. That the strategic director of housing and community services approves the award of the replacement installation works contract for the renewal and upgrading of the communal heating and hot water services at Gilesmead, 79 Camberwell Church Street, London SE5 7LN, to Invicta Building Services Ltd in the sum of £782,522 for a period of 36 weeks.

BACKGROUND INFORMATION

2. The planned procurement strategy was the subject of a Gateway 1 report which was approved on 21 June 2010. The approved competitive tendering procurement strategy was followed.
3. This is a Key Decision.
 - The tendered cost of the contract is £782,522 for a period of 36 weeks.
 - (plus a four (4) week lead in period).
 - There is no specific extension built in to the contract.
 - The contract price is not index linked.
4. External Consultants, David Miles and Partners (DMP) were appointed on 05 January 2013, via 3 quotes, to provide the roles of Lead Designer (LD), Contract Project Manager (CPM), CDM Co-ordinator (CDM-C) and Quantity Surveying (QS) duties for this project in accordance with Contract Standing Orders 5.2.
5. There have been delays to the original project timings that were advised within the Gateway 1 report. The main reason for the slippage to the original project plan are due to the following:
 - At various stages during the project development, issues and concerns were raised by leaseholders as explained in paragraph 75 below. This had an impact on the Notice of Intention (NOI) for the works which did not complete until March 2011.
 - The leaseholders appointed their own services consultant to comment and question on the original feasibility report produced in January 2010. Responses were provided to the comments and questions raised and an expanded feasibility report was produced in April 2012.
 - Survey works commenced shortly afterwards but had to stop in July 2012 as further leaseholder questions were received via members enquiries.
 - As soon as responses to the questions raised were provided, the Notice of Proposal (NOP) for the appointment of DMP was issued on 12 November 2012 and completed on 20 Dec 2012.
 - As mentioned in paragraph 4 above, DMP were appointed on 05 January 2013. Unfortunately, as there was not enough time to carry out detailed

surveys and produce the design and tender documents for the spring of 2013 (when the works needed to be carried out), it was agreed to delay the production of these documents and work towards a start date for these works in spring of 2014.

6. The main element of these works will be carried out during the summer period when the heating and hot water demand is at its lowest therefore ensuring negligible disruption to the residents supply service. The works will be carried out in two stages. The main element of works in the first stage will be the installation of new hot water services vessels within each of the dwellings, ensuring hot water services are maintained, and allowing the main boiler plant to be shutdown. The second stage will involve the removal of the existing communal heating plant and network system. The installation of the new plant, network distribution system and the internal heating elements will be carried during the summer season; ensuring full heating is available to all dwellings by the first week in October. The system will be commissioned and works completed in the remaining weeks. Further explanation of this is contained within the Gateway 1 report.

Procurement project plan (Key Decision)

7. See table below

Activity	Completed by/Complete by:
Forward Plan for Gateway 2 decision	01 March 2012
Approval of Gateway 1: Procurement Strategy Report	21 June 2010
Issue Notice of Intention	27 Sept 2010
Completion of tender documentation	Nov 2013
Invitation to tender	17 Nov 2013
Closing date for return of tenders	16 Dec 2013
Completion of evaluation of tenders	07 Feb 2014
Issue Notice of Proposal	03 March 2014
DCRB Review Gateway 2: Contract award report	22 April 2014
Notification of forthcoming decision	30 April 2014
Approval of Gateway 2:	01 May 2014
Scrutiny Call-in period and notification of implementation of Gateway 2 decision	08 May 2014
Alcatel Standstill Period (if applicable)	N/A
Contract award	12 May 2014
Add to Contract Register	12 May 2014
TUPE Consultation period	N/A
Contract start	09 June 2014

Activity	Completed by/Complete by
Contract completion date	16 Feb 2015
Contract completion date – if extension(s) exercised	N/A

KEY ISSUES FOR CONSIDERATION

Description of procurement outcomes

8. As outlined in the Gateway 1 report, heating is currently provided to each property via a single heater battery compartment located within each property, each heater battery is supplied with hot water via the communal boiler plant located within the lower ground level boiler house. The hot water is provided to the properties via two bulk hot water cylinders also situated within the lower ground floor level boiler plant room. Secondary hot water is circulated from these, around the block with individual branches to each dwelling. This method of circulating hot water constantly is consider very inefficient and is now experiencing circulation and blockages issues. This system need to be replaced as it is in very poor condition and has reached the end of its service life. This has been demonstrated through increased repair and running costs. The proposal is to provide radiators in each room and individual hot water cylinders in each property all served with heat energy from the central boiler plant.
9. The system was installed in circa1968 when the block was built. Unfortunately, service failures are increasing to unacceptable levels due to simple wear and tear. This is causing the residents inconvenience and hardship particularly during the winter months and periods of inclement weather.
10. Renewal of the communal heating and hot water system (installed to current standards) will provide the following benefits:
 - i. Provide residents with heating through-out all the rooms in the homes to current standards
 - ii. Eliminate service failure of the main plant
 - iii. Reduced overall running costs
 - iv. Improved system efficiency resulting in reduced carbon emissions; and
 - v. Reduced maintenance costs.
11. The works proposed within this report will provide a permanent energy source for the estates communal heating and hot water systems. The new system will be reliable and highly efficient, meeting fully with all current Building and Environmental Regulations, providing our residents with a more reliable and robust communal heating and hot water service. The specification of work was produced, giving consideration to the plant and equipment, currently available within the market place. However, space constraints will have an effect upon boiler selection.

Key/Non Key decisions

12. This report deals with a key decision.

Policy implications

13. In conjunction with their commitment under the Kyoto Protocol (mandatory reduction of carbon emission), Central Government has set certain targets. The targets are to reduce the countries carbon emissions by 20% come 2010 and by 50% come 2050. The Government views the promotion of community heating as playing a key role in achieving these targets.
14. Local Authorities are required to demonstrate, via their Home Energy Conservation Act (HECA) returns, that they are actively striving towards and achieving reductions in carbon emissions. This demonstration will be greatly assisted via the council's commitment to sustain and improve its community heating installations. The promotion of community heating will play a key role in:
 - Tackling climate change.
 - Tackling fuel poverty.
 - Reducing carbon emissions.
 - Providing low cost heat and electricity when coupled with combined heat and power technology.
15. The council's Climate Change Strategy (approved by Executive in December 2006) set a long term target to reduce borough-wide carbon dioxide emissions by 80% of current levels by 2050. The council subsequently agreed a target to cut borough-wide per capita CO2 emissions (as reported via NI 186) by 8.5% over 3 years by 2012.
16. Central Government is actively promoting the provision of 'community heating' and recommending it as a major way of helping to tackle climate change and reducing fuel poverty. By retaining communal heating systems, the council confirms its continuing commitment to and promotion of the sustainable use of community heating.
17. The new boiler plant will be highly efficient, condensing boilers and the installation will be in full compliance with Building Regulation L. To also comply with Building Regulations residents will have control of the heating levels and time control via the use of Thermostatic Radiator Valves (TRV's) and a heating and hot water programmer with room stat.

Tender process

18. As outlined in the Gateway 1 report approved on 27 May 2010, Contract Standing Orders require a minimum of five (5) contractors to be invited to tender from the specialist mechanical services category of the council's works Approved List. On this occasion, seven (7) contractors were invited to tender for these works which included 2 of the council's term maintenance contractors for mechanical services – all on the council's works Approved List. Tenders were issued to the seven (7) contractors on 17 November 2013, with instructions to return a completed tender by 12 noon on 16 December 2013.
19. No nominations were made by leaseholders.

Tender evaluation

20. Seven (7) tenders were returned to 160 Tooley Street on or by 12 Noon on 16 December 2013 and were opened on 17 December 2013.
21. Tenders were evaluated on the basis of M.E.A.T (most economically advantageous tender) using a weighted model of 70:30 price and quality.
22. The evaluation panel consisted of the council's senior mechanical engineer, DMP's principle engineer and project engineer.
23. Tenderers were required to provide information to support their quality submission that demonstrates their ability to fulfil the requirements of the contract and demonstrate experience in similar project types. The quality assessment was weighted in relation to the level of importance put upon each criterion and is detailed in the Tender Evaluation Methodology issued within the tender documents (Appendix 1). The results of the quality assessment are summarised on table in paragraph 36.
24. Reference details were provided by the Tenderers of their clients on similar projects. The comments obtained from these references for Invicta Building Services Ltd were very favourable. The areas which have been identified will be closely monitored when the works starts on site notably their performance, standards and documentation by the consultants DMP.
25. Tender prices submitted are as follows:

<u>Contractor</u>	<u>Tender Price</u>
Contractor 1 Invicta Building Services Ltd	£699,005.75
Contractor 2	£780,009.55
Contractor 3	£863,166.25
Contractor 4	£948,213.11
Contractor 5	£992,045.31
Contractor 6	£1,107,057.24
Contractor 7	£3,255,856.00

26. All priced documents submitted were checked for arithmetical errors and general compliance with the tender requirements. The tender evaluation process was carried out by DMP who will provide full quantity surveying services for this scheme.
27. During the evaluation process of the above tender returns various anomalies with the builders work items became apparent and it was deemed necessary to request clarification on the builders work section of the tender submission. The issue of a Bill of Tender Addendum allowed the addition of further rates at different quantities to be included under tender conditions to avoid escalating costs during the contract period.

28. A Bill of Tender Addendum was issued to all seven (7) contractors on 24 January 2014 to provide revised tenders on or before 4pm on 29 January 2014. Only five (5) of the contractors returned a Bill of Tender Addendum submission. The Bill of Tender Addendum submissions were opened on 30 January 2014. The two (2) contractors, who did not return their Bill of Tender Addendums, later confirmed that they could not provide the revised submission due to other workload commitments and both contractors withdrew from the Tender process.
29. The Bill of Tender Addendum prices submitted are as follows:

<u>Contractor</u>	<u>Tender Price</u>
Contractor 1 Invicta Building Services Ltd	£ 782,522.19
Contractor 2	£ 825,414.08
Contractor 3	NO TENDER
Contractor 4	£ 1,047,160.11
Contractor 5	£ 1,134,053.00
Contractor 6	NO TENDER
Contractor 7	£ 3,332,208.00

30. The tenders submitted by Contractor 1, Invicta Building Services Ltd and Contractor 5 contained a number of minor errors and omissions in their pricing. They all confirmed by email that they would stand by their price submissions. No further anomalies were found following their submission of the Bill of Tender Addendum.
31. The tender submitted by Contractor 7 did not provide prices for particular items. They confirmed by email that they would stand by their price submission. No further anomalies were found following their submission of the Bill of Tender Addendum.
32. The tender submitted by Contractor 6 and Contractor 3 both stated that a particular item was excluded. They both confirmed by email that they would stand by their price submission. Following the issue of the Bill of Tender Addendums, they failed to return a Bill of Tender Addendum submission.
33. The tender submitted by Contractor 4 had a number of errors. They highlighted revisions in their original tender price which resulted in a reduction of £1,900. This was later confirmed within the Bill of Tender Addendum submission as noted in paragraph 29 above for revised price.
34. The estimated cost for the works provided in the Gateway 1 report was £835,000, higher than the costs of the works submitted by Invicta Building Services Ltd.
35. The variations between the Gateway 1 report estimate and the tender return costs are as follows:
- June 2010 – Gateway 1 report estimate was £835,000.

- April 2012 – Updated Feasibility report (see paragraph 5) estimate was £949,000.
- Nov 2013 – Pre-Tender Estimate following detailed designs was £853,000.
- Jan 2014 – Tender Return following Bill of Addendums, lowest price is £782,522.

36. The summary results of the evaluation is shown in the schedule below:

Summary Cost and Quality Evaluation				
Rank	Organisation	Quality Score (out of 30)	Price Score (out of 70)	Total Score (out of 100)
1	Contractor 1 Invicta Building Services Ltd	20.1	70.0	90.1
2	Contractor 2	12.9	66.4	79.3
3	Contractor 5	22.8	48.3	71.1
4	Contractor 4	15.7	52.3	68
5	Contractor 7	12.4	16.4	28.8

37. Seven (7) contractors were invited to tender for the works, all returned tenders. Following the initial tender analysis, a Bill of Tender Addendum was issued to all seven (7) contractors. Two (2) of the contractors failed to return a Bill of Tender Addendum submission and withdrew from the tender process. The council considers, (after taking advice from DMP), that the market was adequately tested. The cost/quality evaluation concludes that Invicta Building Services Ltd offers the most economically advantageous compliant tender. It is therefore recommended for the acceptance of the tender submitted by Invicta Building Services Ltd in the sum of £782,522.
38. The date for acceptance of the above tenders will expire on 16 June 2014.

Plans for the transition from the old to the new contract

39. Not Applicable.

Plans for monitoring and management of the contract

40. The contract will be managed on a day to day basis by DMP. The finances will be managed by the QS (DMP) and will be monitored by the council's mechanical and engineer project manager
41. In addition to DMP, there will be a senior mechanical engineer, a customer relationship officer and a project manager from the council's Major Works team allocated to this project. The Major Works team will monitor DMP and Invicta Building Services Ltd's performance and arrange regular meetings with the residents' project team at which Invicta Building Service Ltd's performance will be discussed.
42. This project will be monitored by the council's Major Works team. Monthly progress meetings will be held with Invicta Building Services Ltd and chaired by DMP, to monitor the progress of the works throughout the contract period. Both DMP and the senior mechanical engineer will carry out regular checks on the

standard and quality of the work being carried out on site and ensure that they are carried out to the council's specification. DMP's QS will provide monthly financial reports and valuations.

Identified risks for the new contract

43. Specific risks identified, impact, likelihood and mitigation controls for this contract are outlined below:

Risk	Impact	Probability	Mitigation
Does the company have enough previous experience of similar successfully delivered works	Medium	Low	Invicta Building Services Ltd has provided a list of successfully delivered schemes for other Local Authorities together with other information within their tender submission Quality Bid.
Poor performance or poor quality workmanship.	Medium	Low	Regular meetings to review performance scheduled from the outset. Establish processes of quality control and works inspections before sign off. The contract provides for a 12 month defects liability period for all work undertaken.
Company goes into liquidation, administration or ceases trading.	High	Low	Retention of 7.5 % will be applied during the contract at no cost to the council (as opposed to 5% approved in the Gateway 1 report). Valuations will be monitored closely with this in mind. Invicta Building Services Ltd has confirmed that they are part of a larger group and a parent company guarantee will be obtained.

Other considerations (For Housing Department works contracts only)

44. The current version of the Southwark Housing Design Guide is limited on guidance for this particular element of works and services and has been superseded by the current Building Regulations, Gas Regulations, British Standards and other industry and profession guide line which have been adhered to.
45. There has been and continues to be close consultation with the Engineering and Compliance team with regards to their maintenance requirements and plant specification in general.

Community impact statement

46. The work proposed under this contract is to renew the communal heating and hot water system and associated plant and equipment at the Gilesmead block, which falls within the Camberwell area of the borough.
47. The level of disturbance has been considered to be relatively low; it will not adversely affect any particular group and will not involve any resident being decanted.
48. The level of disturbance or disruption to the general public is considered negligible as the block sits within a council estate and the works will not impact the main public highway. Works will be contained within the block and the site compound.
49. The proposed works will not adversely affect any one particular group.
50. The proposed works will provide a permanent heat generating plant for the Gilesmead communal heating and hot water systems. The boiler plant will be high efficiency condensing boilers in line with Building Regulation L. The new system will provide our residents with a more reliable and robust communal heating and hot water service.
51. Overall the undertaking of these works has been judged to have little or no significant impact on local people and communities.

Sustainability Considerations

52. Central Government are actively promoting the provision of communal heating and view it as playing a key role in the efforts to reduce carbon emissions. The boilers being proposed for this scheme will have a far greater efficiency than the boilers which they are replacing. This increase in efficiency will reduce the carbon emissions generated to operate the system and assist in reducing running costs; this reduction will help the council maintain its relatively low heating and hot water charge, thereby helping to alleviate the problem of fuel poverty.
53. Communal heating installations provide the council with a high flexibility of fuel. This gives the council scope to alter its primary fuel source in relation to financial and environmental changes. Materials to be used in these works will be from sustainable sources wherever possible as detailed in the Southwark housing design and specification guide.

Economic considerations

54. The contract sum is £782,522 with a contract period of 36 working weeks.
55. Where possible, Invicta Building Services Ltd will be using local companies in their sub-contracting and supply chain arrangements.

Social considerations

56. There are no specific social considerations.
57. In November 2012 the council became an officially accredited London Living Wage (LLW) Employer and is committed to ensuring that, where appropriate, our contractors and sub-contractors pay staff at a minimum rate equivalent to the LLW rate. Invicta Building Services Ltd has confirmed that they exceed the LLW requirements. Following award, quality improvements and costs implications linked to the payment of LLW will be monitored as part of the contract review process.

Environmental considerations

58. The contract standard documents stipulate that a waste management procedure is put in place and administered whilst the works are on site.
59. The boilers being proposed for this project have a very high seasonal efficiency rating; this high level of efficiency ensures that the production of CO2 gases are kept to a minimum.

Market considerations

60. DMP's QS believes that the market has been adequately tested based on the tenders received from the contractors taken from the specialist mechanical services category of the council's works Approved List and due to the complex mechanical nature of the works. DMP's QS's recommendations were considered and agreed by the Project Manger within the council's Major Works team
61. Past experience has shown that due to the specialist nature of the works, the vast majority of labour on site will be supplied from staff directly employed by the sub-contractors appointed by Invicta Building Services Ltd. However, Invicta Building Services Ltd will be encouraged to make use of local labour wherever possible.
62. Invicta Building Services Ltd:-
 - is a private organisation.
 - has between 25 & 100 employees.
 - operates nationally.

Staffing implications

63. The council's Major Works team together with DMP will undertake the roles of project manager, construction project manager, mechanical engineer,

Construction Design Management Coordinator (CDM-C), quantity surveyor (QS) and clerk of works.

Financial implications

64. The total expenditure for this scheme will be met from the Warm Dry Safe (WDS) Communal Heating Capital allocation.

Second stage appraisal (for construction contracts over £250,000 only)

65. A second stage appraisal was sought. The result showed that Invicta Building Services Ltd had an Experian Delphi score of 60 and were classed as below average risk for failure.

Legal implications

66. In line with the requirements of Contract Standing Orders, the report confirms that tenders were invited from contractors on the specialist mechanical services category of the council's works Approved List and that adequate financial provision has been made to fund the expenditure associated with the delivery of this project. It is confirmed that the contract documents will be passed to legal services for formal execution within one (1) month of the contract being awarded. There are no other specific legal implications arising at this stage.

Consultation

67. All residents (tenants and leaseholders) and absent leaseholders have been consulted with regards to the proposed works. Please also note paragraph 5.
68. The two stage consultation process with home owners has been carried out and all observations addressed.
69. Following approval of this report, letters will be sent out to all residents inviting them to a drop in session to address any queries or issues they may have in regards to the works.
70. Invicta Building Services Ltd will issue regular newsletters to all residents in the block throughout the contract period. They will also be appointing a resident liaison officer to deal with residents daily issues.

Other implications or issues

71. Not applicable.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Head of Procurement

72. As the value of this contract is below the current EU threshold for works no formal procurement concurrent is required.

Director of Legal Services

73. The legal implications are contained within the main report. At this value, no legal concurrent is required.

Strategic Director of Finance and Corporate Services

- 74. The report is requesting delegated approval from the Strategic Director of Housing and Community Services to award the works contract package entitled "Gilesmead Heating Renewal – replacement of Communal heating & hot water installation" to Invicta Building Services Ltd at a contract cost of £782,522, following a tender evaluation process as detailed in the report.
- 75. It is also noted that budgets will be re-profiled as required for monitoring and reporting the contract costs against approved budgets.
- 76. Staffing and any other costs connected with this contract to be contained within existing departmental revenue budgets.

Head of Specialist Housing Services (For Housing contracts only)

- 77. This contract is for the repair and upgrade of the district heating system on Gilesmead Estate. Heating charges are levied through the annual service charge and capital costs for maintenance are chargeable to leaseholders within the terms of the lease. Capital service charges will exceed the statutory limit laid down by the Commonhold and Leasehold Reform Act 2002 and consultation is required under schedule 4 part 2 of the regulations appertaining to the Act. There are 27 leaseholders affected by this contract.
- 78. Notice of Intention was served on 28.9.10 and closed on 3.3.11. The extended consultation period recognises the concerns raised by leaseholders who asked the council to consider the alternative option of individual systems. This option was considered, alongside other options for the retention of the communal boiler, and costed on a long lifecycle basis. With all associated costs taken into consideration the retention and upgrade of the communal boiler was found to be the most cost effective option in the longer term. The assumptions of leaseholders in making their request did not take into account the ancillary issues of decommissioning the current boiler, the technical issues associated with the installation of individual heating systems into flats designed around a communal system, or the legal issues associated with the amendments required to leases where a contracted service is to be removed.
- 79. Notice of Proposal was served on 3.3.14 and closed on 11.4.14. There were 17 observations received from leaseholders included in this package, none of these observations would lead to a delay in proceeding with these works. The estimated charges for each property are £24,486.

FOR DELEGATED APPROVAL

Under the powers delegated to me in accordance with the council's Contract Standing Orders, I authorise action in accordance with the recommendation(s) contained in the above report.

Signature  Date 1-5-14

Gerri Scott, Strategic Director of Housing and Community Services

BACKGROUND DOCUMENTS

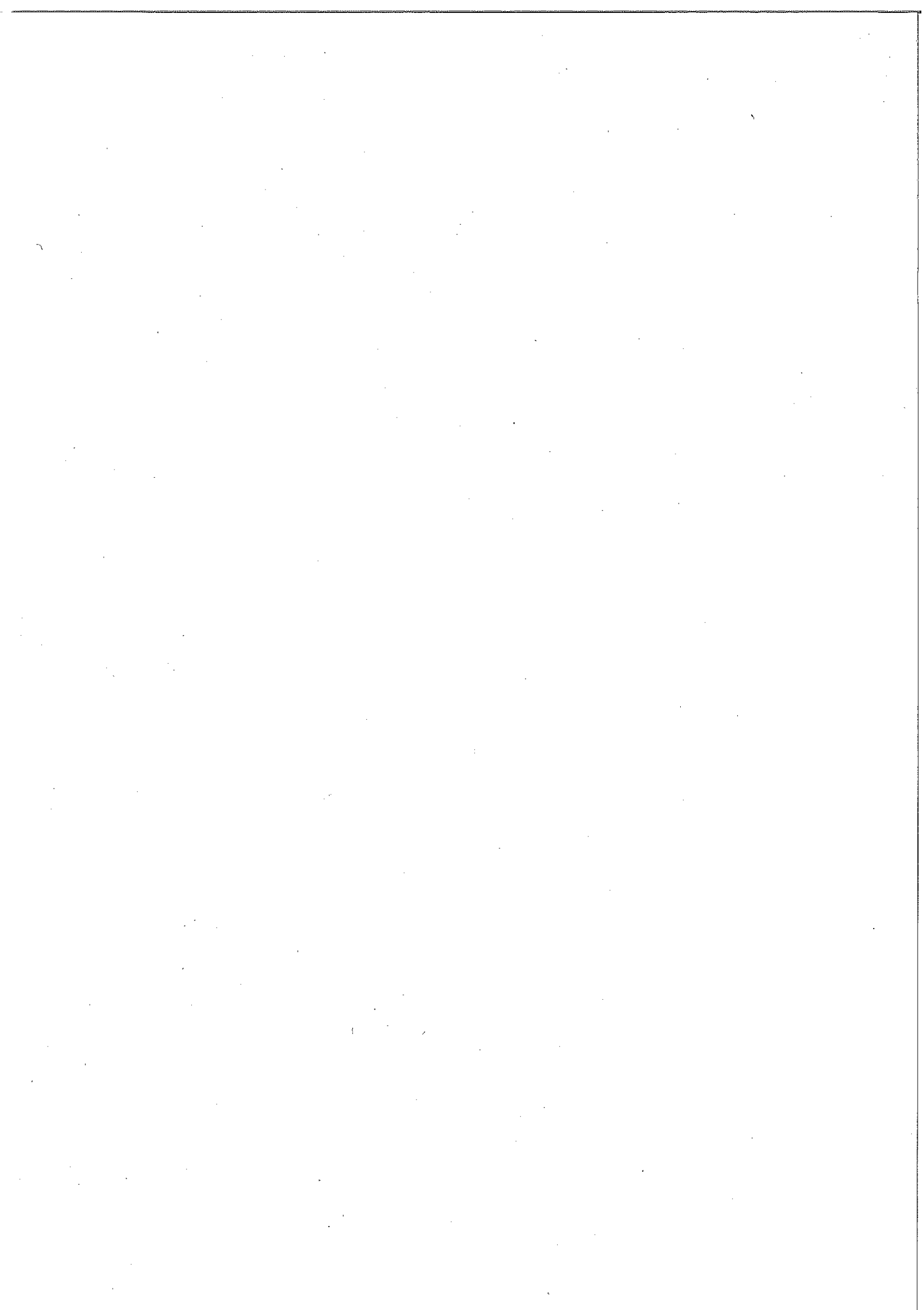
Background documents	Held At	Contact
GW1 report - Gilesmead Heating Renewal - replacement of the communal heating and hot water installation – approved 27 May 2010.	160 Tooley Street	Ed O'Donoghue Tel: 0207 5253157
Tender Report for Gilesmead Estate ~ Replacement Heating & Hot Water Services	160 Tooley Street	Ed O'Donoghue Tel: 0207 5253157

APPENDICES

No	Title
Appendix 1	Tender Evaluation Methodology and Assessment Criteria

AUDIT TRAIL

Lead Officer	David Markham – Head of Major Works	
Report Author	Ed O'Donoghue - Engineering Investment Program Manager	
Version	Final	
Dated	23 April 2014	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments sought	Comments included
Head of Procurement	Yes	Yes
Director of Legal Services	Yes	Yes
Strategic Director of Finance and Corporate Services	Yes	
Head of Specialist Housing Services	Yes	
Cabinet	N/A	N/A
Date final report sent to Constitutional	1 May 2014	



PART II - 10

LONDON BOROUGH OF SOUTHWARK

**Tender Evaluation Methodology
and Assessment Criteria**

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Evaluation Methodology

EVALUATION OF TENDERS

1. This schedule sets out the methodology that will be used to evaluate tenders received in relation to the project.
2. The Contract will be awarded to the most economically advantageous tender (MEAT) evaluated as described in this methodology.
3. The evaluation criteria comprise of two elements: quality and price. The weightings to be applied are 30% quality and 70% price. The quality element contains sub weightings which are set out in this schedule.

EVALUATION FOR COMPLIANCE

4. Tenders will be checked initially for completeness and compliance with the Instructions to Tenderers. Whilst the Council shall be entitled to seek clarification from tenderers in order to determine if a tender is complete and/or compliant, tenderers should note that the Council reserves the right to reject tenders that are not complete and/or compliant. Tenderers are referred to the invitation to tender.
5. For tendering purposes, tenderers are required to confirm as part of their tender that if awarded the Contract, they will be able to provide the required levels of insurance cover in the Contract as set out in the Contract Particulars. The Council regards this confirmation as a compliance issue and reserves the right to reject any tender – without further consideration – in the event that they fail to provide such confirmation as part of their tender.
6. Tenderers are required to submit the Parent Company Guarantee Undertaking and Performance Bond Undertaking, if applicable, set out in the Instructions to Tenderers and contained in the Form of Tender.

OVERALL EVALUATION WEIGHTING

7. The Council has allocated a maximum weighting for each criteria shown in the table below which reflects the relative importance attributed by the Council:

Evaluation Criteria	Weighting %
Quality (Tenderers Proposals)	30
Price	70
	100

8. The total score for quality criteria will be added to the price criteria score to give a total percentage score out of 100. All tenders will be ranked in accordance with their overall total percentage score.

QUALITY CRITERIA

9. Tenderers will be required to submit proposals answering the questions contained within this document. These proposals, once approved by the Council, will be incorporated into the Contract as the contractor's planned way of working/operating throughout the contract period.
10. All submissions will be scored against the same criteria/ sub criteria and sub weightings as set out in this schedule.
11. Where the contractor fails to include a quality bid or where the quality bid fails to score an overall assessment of 40% the council reserves the right to reject the tender. The weighting for each method statement proposal is set out in the following table:

Criterion	Requirement or sub-criteria in respect of Method Statements	Sub-Criteria Weighting	Criteria Weighting	
Mobilisation Method Statement 1 (page limit 3 x A4 and Gant chart)	A. Resources (submit a proposal how the mobilization will be resourced ready for delivery)	1	7	
	B. Approach (Induction, setup, communication, design and install)	3		
	C. Project Programme of sequence of works (Gant chart format with method statement)	3		
Service Delivery Method Statement 2	A. Experience (4 page limit max)	2	15	
	B. Examples (on CD)	3		
	C. Experience (3 page limit max)	2		
	D. Accreditations	I. Three projects of a similar nature, including project value, description of works.		1
		II. References of the project and method		1
		I. Include single project example with design details, working drawings, contractors progress report (inc, schedules), O&M manuals, as installed drawings		3
E. Project Team	II. Five projects of a similar nature minimum of 3 local authority / housing associations including project value, description of works, references.	2		
	I. Company accreditations; include all copies of certifications (e.g. ISO:9001, CHAS)	1		
	II. Professional accreditations; include copies of certifications (eg: GasSafe, CIBSE members)	1		
Management Method Statement 3	III. Insurances – copy of PI (£5m minimum), Public Liability, employers liability cover.	1	6	
		I. Experience and Qualifications of Project Team (e.g. CV format)		2
		II. Lines of Communication (e.g. graph)		1
	III. Project Procedures (how the project is delivered)	1		
	A. Structure Chart (2 charts, 1 company and 1 project)	1		
	B. Roles and responsibilities (particular staff to the project)	1		
London Living Wage Method Statement 4 (1 page limit)	C. Quality of management resources (e.g. CPD's, training, quality management systems)	1	2	
		D. Recruitment and selection (2 page limit max)		3
		I. Staff II. Sub contractor's III. Suppliers		1
A. Proposals to administer, monitor and report to the Council for direct employees and sub-contractors	1	1	2	
B. Identification of productivity gains and other benefits including measurement and reporting	1	1	2	
	Total Quality Score	30		

QUALITY SCORING SCALE

12. Scoring of tenderers method statements will be based on the following scale:

Score	Scoring Guidelines
10	Outstanding - response exceeds requirements, is fully evidenced, adds value and benefits and demonstrates practical innovation and tangible creativity to business solutions, with full confidence in capability to deliver.
9	Excellent - response meets all requirements while providing fully evidenced additional value and benefits and a high level of confidence.
8	Good - response meets all requirements with a good evidence base and some added benefits together with higher level of confidence.
7	Good - response meets all requirements with a good evidence base and some added benefits.
6	Satisfactory - response is complete and meets all minimum requirements while providing appropriate evidence to support these together with a higher level of confidence.
5	Satisfactory - response is complete and meets all minimum requirements, and provides appropriate evidence.
4	Less than satisfactory – response is complete but fails to provide adequate evidence that all minimum requirements can be satisfied.
3	Less than satisfactory – response is complete but fails to satisfy all minimum requirements or fails to provide adequate evidence that these requirements can be satisfied.
2	Poor – response is in part incomplete, non compliant, fails to meet any minimum requirements or lacks an evidence base.
1	Poor – response is incomplete, non compliant, fails to meet any minimum requirements, lacks an evidence base or is unlawful.
0	No response – no submission was made.

13. Each question will be scored and then the sub weighting applied to give a weighted score for quality. The score will be to the nearest two decimal points.

Examples

Points Awarded	Sub Criteria Score	Calculation	Total Score
0	3	$0/10 \times 3$	0.00
5	3	$5/10 \times 3$	1.50
10	3	$10/10 \times 3$	3.00

14. A tenderers evaluation score will be based on the tenderers written tender, but this will be clarified (and its veracity and accuracy verified) by the following methods:
 - Clarification meetings / clarification presentations (if any).
 - By responses to clarification questions raised by the Council (if any)
 - Written feedback from referees (if taken up).
15. The initial score will be based on the evaluators' review of the tenderers' response document and be updated based on further clarification of the response ascertained in the other methods outlined above. The final scores therefore may differ from the initial scores to reflect the full evaluation process undertaken by the panel. Overall scores will be calculated to ascertain the tenderers overall percentage score.
16. There is a possibility that during the verification process uncertainties in what tenderers have stated in their submissions may arise. The evaluation process has a built-in opportunity to attend to uncertainties, through a process of clarification. These will be identified by evaluators as they are verifying submissions through the clarification interviews and site visits.
17. To manage this process openly and fairly there will also be a process of moderating and agreeing clarifications to avoid there being any preferential treatment shown to any tenderer, and to ensure that any areas for clarification are consolidated.
18. There needs to be a careful distinction between clarifications and omissions and the process is not about providing an opportunity to address something that has not been addressed as this would be unfair to other tenderers.
19. Tenderer's are advised that the evaluation panel shall conduct a 'consensus scoring process' where moderation of the scores awarded during the exercise will take place. The moderation shall give regard to any variance in the scores between the evaluators. A consensus score will be agreed by the evaluators for each of the evaluation criteria.

EVALUATION OF PRICE

20. A price evaluation model has been designed to help the Council carry out a robust evaluation of price. The rates, prices and percentage adjustments captured in the Form of Tender will be used to populate the model.
21. The price evaluation model has been produced in Microsoft Excel 2003.

22. The tenderer with the lowest lump sum price will be awarded 70 points. The lowest cost submitted will be used as the baseline for establishing the % weighting for the remaining bidders using the following formula:

The following formula will be used to evaluate the score - $(A/B) \times C$ - where:

A = Lowest Lump Sum Price

B = Next Lowest Lump Sum Price

C = Overall Weighting for Price

Example:

Lowest tender £650,000. Awarded 70 points

Next lowest tender £700,000.

$\frac{£650,000}{£700,000} \times 70\% =$ Awarded 65 points

23. For the avoidance of doubt where the lowest price is scored this will be divided by itself as A/A rather than A/B so will score maximum Price score.
24. The Cost of the Performance Bond will not be evaluated but must be inserted into the Form of Tender (if applicable).

ABNORMALLY LOW TENDERS

25. Notwithstanding the scoring methodology referred to above, tenderers are advised that the Council will scrutinise very carefully any tender that contains a price which appears very low (having regard, amongst other things, to the prices submitted in the other tenders received). In this regard, tenderers' attention is drawn to the Council's power under regulation 30(6) of the Public Contract Regulations 2006 (as amended) to disregard/reject any tender that is abnormally low.

DISCLAIMER

26. The price will be evaluated by applying the figures in the tenderer's completed pricing evaluation model to the assumed volumes of Works. These assumed volumes are made by the Council purely for the purpose of evaluating tenders and for no other purpose and are not an indication or prediction of the quantities of works which the Council will require or which the contractor will provide under any awarded Contract.
27. Save for the purpose of comparing tenders the quantities inserted in the evaluation model by the Council shall not bind the Council in any way and do not constitute any warranty, representation, indication, estimate or prediction of the volumes and quantities of any works which the Council may require or the contractor will provide under any awarded Contract.

FINAL SELECTION AND RECOMMENDATION

28. The price score will then be added to the quality score. The total score will then be used to rank the tender submissions.
29. All tenders will be ranked in accordance with their overall total score.

TIE BREAK

30. In the event of a tie break (where two or more top scoring tenderers have the same total weighted score including both quality and price), the Council shall select from amongst those tenderers the submission of the tender with the highest weighted score for method statement1. In the event that this still results in a tie break the Council shall select from amongst those tenderers the submission with the highest weighted score for price.

