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**ITT DOCUMENTS**

London Borough of Southwark

Land adjacent to Woodville House, Maltby Street, London SE1 3EQ and former garages site Fendall Street, London SE1 3EA

Section 3

Tender Evaluation Methodology

(incorporating the Evaluation Methodology and Quality Submission Schedule)

# Evaluation Methodology

## INTRODUCTION

1. This document sets out the methodology that will be used to evaluate tenders received in relation to the new homes design and build contract.
2. Following the evaluation stages described in this methodology, the Employer will evaluate the tender submissions using a weighted model of 60/30/10 price/quality/social value.
3. The award recommendations will be made on the basis of 60/30/10 price/quality/social value scoring evaluated as described in this methodology.

## EVALUATION STAGES

1. The evaluation shall comprise of 7 stages:

Pre-Qualification Questionnaire (PAS91 SQ)

1. Stage 1 – SQ Compliance Checks
2. Stage 2 – SQ Financial Evaluation
3. Stage 3 – SQ Technical Evaluation

Invitation to Tender (ITT)

1. Stage 4 - ITT Compliance
2. Stage 5 – ITT Quality
3. Stage 6 – ITT Price
4. Stage 7 – ITT Social Value
5. Stage 8 – ITT Final selection and recommendation

## EVALUATION TEAM

1. An evaluation team has been set up to undertake a comprehensive, systematic and consistent evaluation of each tender. This evaluation team will be split into two panels, one for quality and one for price. Both panels will be made up of officers with expertise in their specific areas i.e. the quality evaluation panel will include individuals experienced in development and the price evaluation panel will be made up of individuals with financial expertise.

## STAGES ONE TO THREE (PAS91 SQ)

1. Please refer to Section 1 (Applicant’s Selection Guidance –PAS 91 SQ).

## STAGE FOUR – ITT COMPLIANCE

1. Tenders will be checked initially for completeness and compliance with the ITT documents. Whilst the Employer 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 Employer reserves the right to reject tenders that are not complete and/or compliant. Tenderers are referred to ‘Checklist of Documents to be returned’ in Section 8 of the ITT documents.
2. In the compliance table tenderers are asked:

* I/We confirm that we accept the following:
  + Form of contract
  + Terms and conditions of the JCT DB 2016
  + Amendments to the JCT DB 2016
  + Levels of insurance, indemnity, and liability
  + Employers Requirements and Specification (eg. Lift Specification)
* I/We confirm that my/our tender complies in all respects with the Employer's ITT.
* I/We confirm that I/we have fully completed and signed the Form of Tender.
* I/We confirm that if I/we have/have not a subsidiary company and I/we have/have not accordingly provided a duly signed Parent Company Guarantee Undertaking.
* I/We confirm that I/we have completed and signed the Certificate of Non-Collusion, Non-Canvassing Certificate, Conflict of Interest Certificate and the Offences Certificate
* I/We confirm that I/we have provided the quality submissions as required in Section 3 of the ITT documents (the Evaluation Information).
* I/We confirm that in the event that I/we is/are awarded the Contract that I/we will, on request, enter into an agreement as a deed in the form set out in Section 4 of the ITT documents.
* I/We confirm that the form of contract set out in Section 4 of the ITT documents is acceptable to me/us and no amendments are proposed.

1. If tenderers answer no to the above then they will be considered non-compliant.
2. For tendering purposes, tenderers are required to confirm as part of their tender that if awarded a contract, they will be able to provide the required levels of insurance cover in the contract as set out in the Contract Particulars. The Employer 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.
3. Tenderers are required to submit the Parent Company Guarantee Undertaking and a performance bond undertaking, if applicable, set out in the ITT documents.
4. Tenders that pass this stage will be evaluated as detailed below.

## STAGE FIVE - QUALITY

1. Tenderers will be required to submit five (5) method statement proposals answering the questions contained within the Quality Submission Schedule attached. These method statements, once approved by the Employer, will be incorporated into the contract as the Contractor’s planned way of working/operating throughout the Contract Period.
2. The weighting for each method statement proposal is set out in the following table. For scoring purposes the percentage score for each sub-question is divided by the maximum score achievable. The score given is then applied to calculate the tenderers percentage achieved, which is then totaled to give the overall percentage for the quality section.
3. The quality section is worth 30% of the total score for the tender. Each question is scored separately. You should answer each as fully as possible, but you must limit your response to word count for each question (at not less than Arial point 11) with standard margins and spacing. This excludes the Gantt chart and pictures which may be included as appendices.
4. Tenderers are advised to read the Employers Requirements document prior to answering the quality questions.
5. A word limit is set out for each method statement. Any information in excess of the word limit will be disregarded and not scored.

|  |  |  |
| --- | --- | --- |
| **Criteria** | **Question** | **Weight (%)** |
| **M1** | **Method Statement 1: Design Management**  How you will ensure design quality and who will be responsible for design management throughout the life of the project.  Your response should clearly state:   1. How you will ensure: compliance with regulations; 2. How you will ensure that works meet the Council’s expected standards and quality; 3. How you will ensure that there will be necessary audit trails, evidence of compliance and what information will be made available for audit; 4. How changes during the design will be fed back to the client; 5. Details of what your design management process is.   **Word limit: 1,000 Ariel Font size 11  (approx. 1 A4 page excluding images)** | **6%** |
| **M2** | **Method Statement 2: Subcontractors**  Please explain how you will manage and drive value through your supply chain and sub-contractors be they in-house or external in the delivery of this project and how you will ensure best value is obtained. Your answer must include reference to:   1. design; procurement; and quality control; 2. project management, delivery; and lessons learnt from previous projects,. 3. Modern Slavery   **Word limit: 1,000 Ariel Font size 11  (approx. 1 A4 page excluding images)** | **6%** |
| **M3** | **Method Statement 3: Constraints and Mobilisation**  Given the site and timing constraints, and key health and safety concerns, please:   1. Provide us with details of your construction, mobilisation plan and details of supply chain management (Please include a logistics plan and Gantt chart showing how you would progress the construction). 2. Tell us how you will communicate effectively with us as a client. 3. Provide a scheme specific risk register that identify the risks and challenges.”   **Word limit: 1,000 Ariel Font size 11  (approx. 1 A4 page excluding images and risk register)** | **6%** |
| **M4** | **Method Statement 4: Fire Safety**  In line with our Employers Requirements, please tell us:   1. Your process of ensuring fire safety and gas pipe insulation regulations are complied with. 2. How will you ensure compliance of your subcontractors work on this project in relation to compartmentalization and fire stopping? 3. What is your understanding of a Fire Risk Assessment and how will you ensure that the tasks highlighted in the report are actioned and where you believe remiss your process for reporting this back to the Responsible Person. 4. What policy do you have in place to specifically provide fire safety information to the Responsible Person in a clear, concise manner as required under Regulation 38?   **Word limit: 1,000 Ariel Font size 11  (approx. 1 A4 page excluding images)** | **6%** |
| **M5** | **Method Statement 5: Local Community Engagement**  In reference to the Council’s Charter of Principles and the terms of reference for community engagement (in Employer’s Requirements).   1. Please, giving us examples from your last two projects and any lessons learnt, highlight what methods of communication you propose on this project. 2. Please tell us how you will maintain effective dialogue with residents and respond to immediate concerns from local residents.   **Word limit: 1,000 Ariel Font size 11  (approx. 1 A4 page excluding images)** | **6%** |
|  | **Sub-total** | **30%** |

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## QUALITY SCORING SCALE

1. The scoring of a tenderer’s method statement will be based on the following scale.

|  |  |  |
| --- | --- | --- |
| **Technical and Professional Ability** | | |
| **Score** | **Rating** | **Basis for Awarding Score** |
| 0 | Unacceptable | The information is omitted/no details provided. |
| 1 | Poor | The response addresses some parts of the question but contains insufficient detail or explanation to evidence the Applicant’s proposals and technical capability in this market and relevance to the Authority’s requirements. |
| 2 | Fair | The response addresses most parts of the question and lacks details in some aspects but provides some evidence of the Applicant’s proposals and technical capability in this market and relevance to the Authority’s requirements. |
| 3 | Satisfactory | The response addresses all aspects of the question in sufficient detail and shows relevant evidence of the Applicant’s proposals and technical capability in this market and relevance to the Authority’s requirements. |
| 4 | Good | The response addresses all aspects of the question very well and shows considerable relevant evidence of the Applicant’s proposals and technical capability in this market and relevance to the Authority’s requirements. |
| 5 | Excellent | The response addresses all aspects of the question extremely well and in detail and shows extensive relevant evidence of the Applicant’s proposals and technical capability in this market and relevance to the Authority’s requirements. |

1. Each question will be scored to give a weighted score for quality. The score will be to the nearest two decimal points.
2. Tenderers evaluation score will be based on their written submission, but this may be clarified (and its veracity and accuracy verified) by clarification questions raised by the employer.
3. Tenderers will not be able to address any omissions in their tender submission during any clarification process.
4. The initial score will be based on the evaluators’ review of the tenderer’s tender submission and be updated based on further clarification. The final score therefore may differ from the initial scores to reflect the full evaluation process undertaken by the quality evaluation panel. Overall scores will be calculated to ascertain the tenderer’s overall percentage score.
5. The quality 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.

## QUALITY THRESHOLDS

1. The award criteria are set out at paragraph 17. Each response to the award criteria will be marked out of a possible score of 5. The scoring will be based on the general principles and descriptions shown in the table at paragraph 18.
2. Tenderer’s should note that for method statements that do not meet a score of 2 (adequate) the tender may be rejected

## STAGE SIX - PRICE

1. Tenderers need to provide both a lump sum and provide a contract sum analysis. Please note that the contract sum must be broken down as per the CSA.

**Completing the** **CSA**

1. Tenderers shall provide a breakdown of their lump sum by completing the CSA (please refer to the separate excel document contained in Section 6 of the Tender pack) in accordance with the guidance contained in this Section 3 (Tender Evaluation Methodology) and within individual tabs of the CSA template.
   1. Tenderers must not alter, amend or change the format or layout of the CSA any way, unless agreed by the Authority. Tenderers must not insert or attach any notes or comments into any of the worksheets. Any such additional information will be disregarded by the Authority. Any questions or clarifications on how to submit or present pricing information should be submitted in accordance with paragraphs 19-22 of the Instructions to Tenderers (Section 2).
   2. Where a price is required, a figure must be entered rounded to the nearest pence in British Pounds sterling.
   3. Tenderers’ pricing shall be inclusive of all costs and no additional expenses will be paid.
   4. Failure to provide a completed CSA may result in a Tender being deemed non-compliant and may, at the absolute discretion of the Authority, be rejected and excluded from further participation in this procurement.
   5. No variant tenders will be accepted from Tenderers.
   6. Tenderers are not permitted to enter zero bids.
   7. In this procurement, the CSA provided in the successful Tenderer’s Tender will be incorporated into the Contract and will be the basis of all payments to the successful Tender for provision of the Works.
2. Completed CSA documents will be examined in order to detect any computational errors. Where an examination reveals an error or discrepancy between these prices and the overall tender figure, this will be addressed using Alternative 2 of the JCT Tendering Practice Note 2012.
3. The price evaluation criteria is set below – there is a total of 60 point available for the price:

|  |  |  |
| --- | --- | --- |
| **Ref** | **Criteria** | **Maximum Points Available** |
| (1) | Tender sum | 60 |

1. Maximum points awarded to the tenderer which has the lowest price (60%) Each remaining tenderers' price will be awarded a score based on the percentage difference between their submission and that of the most competitive.
2. For scoring the various pricing elements the following formulas will be used:

Lowest Price Score

Price Score Weighting **divided by** (Tender Sum **divided by** Lowest Tender Sum) **multiplied by** 60% **equals** Lowest Price Score

1. Note: All scores achieved will be taken to two decimal places and rounded up or down for each criterion.
2. Any tender submission scoring overall 30 points or less may be rejected by the Council on the basis of poor value.
3. The following table gives an example of how the overall scoring output works:

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## ABNORMALLY LOW TENDERS & OTHER ABNORMALITIES

1. The Employer 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 tender submissions received). The Employer reserves the right to reject any tender submission that is abnormally low in accordance with Regulation 69 of the Regulations.
2. The Employer will also scrutinise any submitted provisional sum items of the tender price. The analysis of these provisional sum items will seek to ensure they are based on sound financial assumptions and assess their impact in relation to the overall contract sum and risks to the Employer. Where any provisional sum is considered to be infeasible, the Employer reserves the right to reject that tender.

## STAGE SEVEN – SOCIAL VALUE

1. The London Borough of Southwark is committed to a performance and evidence-based approach to Social Value. Based on the National TOMs (Themes, Outcomes and Measures) developed by the Social Value Portal, bidders are required to propose credible targets against which performance (for the successful bidder) will be monitored. A bespoke version of the National TOMs are available to review at the Social Value Portal (http://socialvalueportal.com/national-toms/) and bidders will also been given access to them as a part of this tender. The TOMs within this tender process have been adapted to reflect the specific needs of the organisation.
2. Social value has been allocated a weighting of 10%, which has been sub-weighted and will be evaluated on the following basis:

|  |  |  |
| --- | --- | --- |
| **Ref** | **Criteria** | **Maximum Points Available** |
| (1) | Quantitative share of the score | 3% |
| (2) | Qualitative share of the score | 3% |
| (3) | A Delivery Plan | 4% |

1. Please note that The London Borough of Southwark is not being prescriptive as to which TOMs measures are being sought from bidders by way of Social Value proposals and bidders are free to choose those measures that are proportional and relevant to their business and this specific contract. However, a key success factor for bidders will be the ability to deliver against the commitments made.

**OVERALL APPROACH TO SOCIAL VALUE**

1. Bidders are free to make a commitment against any measure described within the TOMs matrix. Bidders are not required to submit a Social Value offer against each measure, only those that Bidders consider their organisation is best placed to offer given the nature and value of the contract.
2. Each measure has a financial value (proxy value) and these will be used to calculate the overall ‘value’ of each commitment. The aggregate projected Social Value commitments made will form the basis of the quantitative Social Value evaluation, subject to the evaluation made by the evaluators of the credibility and robustness of the proposals. The proxy values for these measures are set out in the Portal. Bidders are not required to submit a Social Value offer against each measure, only those that Bidders consider their organisation is best placed to offer given the nature and value of the contract.
3. Bidders’ social value offers should relate to this contract only. Social value or corporate social responsibility initiatives being delivered elsewhere must not be included in your social value proposal and must represent additionality for this contract – i.e. if you are already delivering volunteering with a local charity you cannot include that as a target but you can include any additional volunteering that you will deliver should you be awarded this contract.
4. Core requirements of the contract cannot be counted as social value – i.e. if the contract requires supporting people back to work you cannot claim social value for getting people back to work as that is a deliverable of the core contract
5. Targets must be provided for the total duration of the initial term of the contract only – i.e. not including any potential extension periods. The provision of social value for any extension periods will be agreed at the time of the extension
6. It is important that bidders should be confident of their ability to deliver Social Value proposals made, as The London Borough of Southwark will contractualise these commitments with the winning bidder which will then be monitored and reported on periodically.
7. Measuring and reporting on Social Value is a developing field and The London Borough of Southwark recognises that flexibility and a collaborative approach are required. Agreed Social Value commitments may require a certain amount of refinement as a result. A key requirement is the willingness of the contracting partner to work openly and transparently with the Authority whilst bearing in mind that the overall value of Social Value commitments made must be delivered by the winning contractor.

**SOCIAL VALUE SUBMISSION**

1. Bidders are required to complete the following as part of their tender:

* Quantitative Social Value: Make specific social value commitment for the duration of the project using the National TOMS Excel Spreadsheet for the full duration of the initial term of the contract.
* Qualitative Social Value: Provide a social value method statement detailing their proposal.
* Delivery Plan: Which demonstrates how each of the commitments will be delivered.

**Quantitative Social Value Proposal**

1. Bidders must complete the National TOMS Excel Spreadsheet in Section 6) and identify the Social Value they propose to deliver.
2. None of the measures are mandatory and bidders should ensure that their proposals are relevant and proportional to this contract.
3. The proposal must relate directly to the contract in question and should be proportional to the overall contract value (for example, social value bids that are in excess of 100% of the contract price may not be deliverable).
4. The proposal must relate directly to the initial term of the contract in question (not including any potential extensions) unless stated otherwise.
5. Please note that social value commitments should be appropriate to the local area. For The London Borough of Southwark, ‘local’ is defined as being within the Greater London area.

**Qualitative Social Value Proposal**

1. Bidders are to provide evidence against all Social Value commitments that have a proxy value to explain how each commitment will be delivered. This should demonstrate:
   1. A robust demonstrate of real added value.
   2. That you have credible processes in place to deliver what is being offered.
   3. Whether this value will be delivered directly by the bidder or through its supply chain. Additional supporting documentation may be provided where necessary to justify the bidder’s approach.

**Delivery Plan**

1. The Delivery Plan should contain the following sections:

*Leadership and Resources*

1. This section should cover:
2. The name of the person who will be responsible for delivery of the Social Value offer made by your company. [Note: Account will be taken of the seniority of the person nominated].
3. What resources, both internal and external, will be deployed to assist delivery your SV Offer? [Delivery partners, such as 3rd sector providers or social enterprises should be named where appropriate]
4. What are your internal processes in the event that something goes wrong [i.e. how will any non-delivery of offers made or poor quality be escalated internally and addressed?]

*Processes*

1. This section should cover:
2. What will your methodology be for producing evidence/information on the delivery of your SV offer? [how will data be collected, what evidence will be provided?]
3. What will your processes be for monitoring, measuring and reporting Social Value outcomes via the Social Value Portal [if SVP providing contract management for the Authority]
4. For projects that extend beyond 18 months, bidders should include an explanation of how they will progressively improve and expand the delivery of Social Value outcomes over the life of the project and what continuous improvement targets it plans to set.

*Engagement*

1. This section should cover:
2. What are your processes for engagement and collaboration with relevant stakeholders and prospective delivery partners on the delivery of Social Value? [identifying key stakeholders needed to support the plan, setting out detailed plans for the early phases on engagement and drawing on previous relevant experience].
3. How will you engage with local Voluntary Community and Social Enterprise (VCSE) organisations in the delivery of your offer?

**Evaluation of Social Value Offers**

1. The quantitative score will be calculated using the formula below:
2. The bidder submitting the highest social value offer will be scored 100% for this section. All other bidders be scored in relation to the highest social value offer as follows:

(Bidder’s total Social Value offer)/(Value of the highest Social Value offer from all bidders) ×100

1. Bidders are to note that the information they submit in the qualitative and delivery plan submission will be used in evaluation to verify the quantitative values submitted and to ensure they meet the parameters set out below.
2. For the qualitative score bidders are to note the following parameters that will apply to Social Value quantitative offers made by bidders:

* Double counting: Each activity or intervention may be claimed once only. Example: if a reduction in CO2e emissions is proposed through implementing a flexible working initiative, bidders may not claim the same reduction in emissions achieved through a different initiative. Similarly, data and actions that are within a bidder’s existing service should not be included, only those that are over and above the core service.
* ‘Local’: The definition of ‘Local’ has been set as meaning within the London Borough of Southwark where possible if not Greater London Area. Any social value offer that does not provide benefits to the community within the definition of ‘local’ will be excluded.
* Amendments to proxy value or units: The proxy values and units are not to be amended. Offers will be adjusted if any values/units are amended.
* Partial contributor: An identified intervention might only be a partial contributor to an outcome because:
  + there might have been other interventions,
  + an investment could have been made in partnership with other organisations
  + the activities were a small part of a larger initiative

1. In these cases, bidders should include a percentage of the value that can be directly linked to the project.
2. The table below sets out the quality scoring scale used for the qualitative response and the delivery plan:

|  |  |  |
| --- | --- | --- |
| 0 | Unacceptable | The information required is either omitted or fundamentally fails to demonstrate and evidence that Southwark’s requirements in the area being measured will be delivered in accordance with the tender/contract documents. |
| 1 | Poor | The information submitted has insufficient evidence to demonstrate assurance that Southwark's requirements in the area being measured will be delivered in accordance with the tender/contract documents |
| 2 | Fair | The information submitted provides some evidence to demonstrate how Southwark’s requirements in the area being measured will be delivered in accordance with the tender/contract documents but contains minor omissions |
| 3 | Good | The information submitted satisfactorily evidences and demonstrates how the requirements in the area being measured will be delivered in accordance with the tender/contract documents and is satisfactory in most respects and there are no major concerns |
| 4 | Very Good | The information submitted provides very good evidence to demonstrate how the requirements in the area being measured will be delivered in accordance with the tender/contract documents and any concerns are identified and addressed |
| 5 | Excellent | The information submitted provides excellent and strong evidence to demonstrate how the requirements in the area being measured will be delivered in accordance with the tender/contract documents, a full and robust response with no concerns |

**Clarification of social value offers**

1. During evaluation of bids received, if there is any apparent inconsistency between a bidder’s social value offer and the parameters stated above or if the evaluation identifies a manifest inconsistency with the bidder’s qualitative social value proposals or the nature and scope of the proposed contract, the council will seek clarification to enable the bidder to explain/justify the methodology used and adjust their bid if necessary.

**Total Social Value score**

1. Bidders will be marked on a combination of their quantitative and qualitative responses. In committing to certain targets, bidders must provide a realistic and convincing method statement of how these will be achieved in practice. Example - if a bidder commits to 5 visits to local colleges/schools (NT8) to deliver careers talks within the council it should explain the number of hours and pre se the detail of these talks.
2. The total Social Value score will be derived from the following calculation: -
3. Total Social Value score = Quantitative score (at 30%) + Qualitative score (at 30%) + \*Delivery Plan score (at 40%) \* 0.10.
4. Please note: The value is multiplied by 0.10 to adjust the score to 10%, as the total social value weighting is 10%.

## STAGE EIGHT - FINAL SELECTION AND RECOMMENDATION

1. The scores achieved for both quality and price will be added together to give an overall score. The overall scores will then be used to rank the tender submissions.
2. The top scoring tenderer shall be recommended for award of the contract

## TIE BREAK

1. 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 Employer shall select from amongst those tenderers the submission of the tender with the highest weighted score for method statement 3. In the event that this still results in a tie break, the Employer shall select from amongst those tenderers the tender submission with the highest weighted score for price.