

Area 9 Asset Support Contract

Guidance for Tender Assessment

**GUIDANCE FOR TENDER ASSESSMENT FOR MAC
CONTRACT****CONTENTS AMENDMENT SHEET**

Amend. No.	Issue Date	Amendments	Initials	Date
0	March 2013	First Issue	SOS	22/3/13
1	June 2013	Minor text amendments	SOS	20/06/13

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1. INTRODUCTION

1.1. General

- 1.1.1 The award of the contract is based on the Quality Statements and the financial information provided by the Tenderers. Other commercial issues are verified, but they do not affect the scoring, only the acceptability of the tender. A chart summarising the tender evaluation process and showing how the successful Tenderer is determined, is included at Annex A.
- 1.1.2 Panels may seek advice on specific issues from specialists outside the Panel if necessary, on a Protect Commercial basis. The Panel must make its own decision on scoring, taking into account the advice received from the specialist.

2. STAGE 1

2.1. Quality Assessment

- 2.1.1 Quality Statements are assessed by the Quality Assessment Panel, normally with the guidance of a Contract Facilitator. The Contract Facilitator does not mark the submissions, but will be involved in facilitating the meetings of assessors and the verification process. The Procurement Officer will be present at these meetings.
- 2.1.2 The Quality Statement is submitted in two separate parts – Part A and Part B. Part A, the proposed approach to the contract; and Part B, evidence from previous projects undertaken by the Tenderer to demonstrate that the proposed approach is likely to be successfully delivered.
- 2.1.3 The approach is to be in the form of a substantive part of a draft Quality Plan, which will describe how, if awarded this contract; the Tenderer's quality management system will be applied to Provide the Services. It will contain Processes and Sub-Processes that will be incorporated into the successful Tenderer's actual Quality Plan, and should be limited to statements that will become contractual obligations.
- 2.1.4 The evidence in Part B of the Quality Statement is to consist of verifiable statements showing how the approach set out in Part A has been developed from and contributed to the successful delivery of similar services.
- 2.1.5 Further guidance on the Quality Statement requirements is given in Annex D of the Instructions for Tenderers.
- 2.1.6 In addition to the Quality Statement, Tenderers are required to provide a Resource Schedule giving details of the resources they propose to use for each activity in the Lump Sum section of the Pricing Schedule. The Resource Schedule is not separately scored, but is used by the assessors to gain better understanding of Tenderers proposals. The resource levels will help in removing any uncertainty and assist in establishing which category the proposal fits into. Account should be taken of the Resource Schedule when assessing the risks and marking the quality assessment criteria.
- 2.1.7 If the meaning of any statement or evidence is unclear, clarification must be obtained before the marking is complete. Clarification cannot be obtained during the validation stage.
- 2.1.8 The conclusions of the Quality Assessment Panel are recorded.

2.2. Scoring Part A

- 2.2.1 Marks are based on all the material supplied in Volume 1 and the Resource Schedule, and are awarded using the marking matrix in Table E1 given in Annex E of the Instructions for Tenderers.
- 2.2.2 For each Sub-Process, individual attributes are categorised in accordance with Table E2 but are not awarded a mark. Each attribute within a criterion is given equal consideration. Each criterion will be given a weighting as shown in Table E1. Section 0 General Management will be marked using the

Marking Categories in Table E2 where the 'attributes' will be the requirements for General Management as stated in the Instructions for Tenderers.

2.2.3 A mark is awarded for each of the following criterion and is set against the extent to which the attributes within the criterion are demonstrated:

- Quality of Process design and
- Extent to which quality policy themes (Fast, Right, Lean and Easy To Do Business With) have been embraced in Process designs.

2.2.4 In assessing Part A of the Quality Statement, assessors need to consider the following matters:

- the requirements and guidance given in Annex D of the Instructions for Tenderers,
- the attributes set out in Annex E of the Instructions for Tenderers and
- the key objectives set out in the tender documents including (but not limited to) [Annex 1](#) of the Service Information, and specific requirements, including Performance Requirements, described in the Service Information and Service Information Annexes.

2.2.5 In addition to considering these particular aspects, it is emphasised that the assessors must be familiar with the full contract requirements.

2.2.6 Assessors should review the submissions and establish, from the statements provided, into which marking category they consider the statement best fits under each attribute and indicate a mark for each criterion. Reasons for the choice and particular strengths and weaknesses or value should be noted for subsequent panel discussions. It should be noted that the Tenderers Quality Statement must reflect the tender document requirements and terminology. A submission that does not reflect the tender documents and its meaning will need to be scored accordingly.

2.2.7 The normal procedure is that a joint meeting of assessors will be held following this review. The meeting will focus on agreeing and recording a final mark for each criterion.

2.2.8 The mark is a measure of the Highways Agency's level of confidence that the *Employer's* objectives will be delivered. The mark is not given as a comparison of the level of service proposed. A "gold plated" solution, offering a higher quality than needed, is likely to score less than a realistic proposal. Such a proposal will have failed properly to consider the Highway Agency's budgetary control objectives, and have failed to manage the risks to delivery, by simply spending money to remove the risk.

2.2.9 Notes should be made of the matters, including resource related issues, that influenced the mark; these notes will later be used for feedback to Tenderers, and thus need to be carefully thought out. The notes should identify strong proposals and weak ones. As well as identifying the reasons for selecting the particular category, the reasons for not selecting the higher (or possibly lower) one may be helpful.

2.3. Scoring Part B

- 2.3.1 Part A statements define the mark for the tender submission; Part B evidence is reviewed to establish whether the mark given for part A can be justified. If not, it will be reduced.
- 2.3.2 Assessors should review the evidence provided in Part B after completing their joint Part A review. Whilst all of the evidence will be reviewed, assessors will concentrate on the areas that have contributed most towards their assessment of Part A. The strength of the evidence on an issue which was not considered to be of great value in Part A is not likely to influence the confidence assessors are seeking in Part B. On the other hand, the evidence relating to an aspect regarded highly in Part A would be of significance in determining the level of confidence.
- 2.3.3 Any evidence set out in Part A is disregarded when marking Part A and should not be taken into account when marking Part B.
- 2.3.4 Any approach set out in Part B is disregarded when marking Part B and cannot be considered retrospectively to adjust the previously determined mark for Part A.
- 2.3.5 There should be clear linkage between approach proposals (Part A) and corresponding evidence (Part B) by the use of cross referencing. Evidence that is not clearly cross referenced to an approach proposal should normally be disregarded.
- 2.3.6 Marks are based on all the information supplied in Part B, and are awarded using Table E3 given in Annex E of the Instructions for Tenderers.
- 2.3.7 The attribute is categorised in accordance with Table E4 and a mark awarded which will be set against the extent to which the attribute is demonstrated
- 2.3.8 The evidence described in the Part B submission should be assessed against the attribute, and again placed into the category considered most appropriate. The evidence statements that were most influential in determining the mark awarded should be listed on the Part B marking sheet. These are statements that, if found to be not supported on verification, would justify a lower mark. As for Part A, notes should be made to identify strong and weak points in the assessment against each of the listed statements.
- 2.3.9 Assessors should note that the evidence does not necessarily have to be Highways Agency specific in all areas, for example, evidence of target cost setting Processes, or scheme development or risk management may be from other industries. However, it is expected that the Agency's particular requirements will be addressed.
- 2.3.10 Assessors should be wary at the introduction of "novel" approaches. Whilst the Highways Agency encourages innovation, untested initiatives are not an appropriate part of a tender submission. A procedure/ approach put forward in Part A but not supported by satisfactory evidence in Part B can only receive a low Part B score.
- 2.3.11 At the joint meeting of assessors, the individual assessments are considered and a consensus view formed. The position within the agreed category is agreed, defining the mark for each Part B statements. Notes are made of the

reasons for the final mark; again, these will be used in providing feedback to Tenderers. Whilst marking this Part, assessors should identify any specific evidence that they consider should be verified in the validation stage. The mark awarded for Part B is recorded.

- 2.3.12 The mark given for each Core Process will be the lower of the individual marks for Part A and Part B as set out in Table E5 in the Instructions for Tenderers.
- 2.3.13 The minimum quality requirement for this contract is to reach a threshold of 60 for the total mark. A tender that has failed to achieve the minimum quality requirements may not be considered further in the tender assessment. The Procurement Officer will decide whether or not a tender that has failed to achieve the minimum quality requirements is to be excluded and will notify the Quality Assessment Panel accordingly,
- 2.3.14 A tender that has failed to achieve the minimum quality requirements but is considered further in the tender assessment, will be given a quality score equal to the total quality mark achieved.
- 2.3.15 A tender with a total quality mark of 60 will be given a quality score of 60. Tenders with a total quality mark of 70 or above will be given a quality score of 100.
- 2.3.16 The quality score for tenders with total quality marks between 60 and 70 will be calculated by subtracting 60 from the total quality mark, multiplying the answer by 4 and adding the result to 60.
- 2.3.17 Quality scores will be expressed to one decimal place.

2.4. Health and Safety Statement Assessment

- 2.4.1 In preparation of the tender the CDM Coordinator prepared the requirements for the Health and Safety Statement and how it is to be assessed. The assessment confirms if the statement is acceptable.
- 2.4.2 The requirements of the Health and Safety Statement are in Annex D, Table D4 of the Instructions for Tenderers.
- 2.4.3 The assessment criteria of the Health and Safety are in Annex E, Table E6 of the Instructions for Tenderers.

2.5. Financial Assessment

- 2.5.1 The Financial Assessment Panel will determine the price for each Tenderer on the following basis:
- a) An adjustment to the lump sum amounts and the schedule of rates by the application of the *lump sum annual discounts* or *the schedule of rates annual discount*,
 - b) the total of the adjusted lump sum amounts in Appendix A of the Pricing Schedule,
 - c) an allowance for the construction of a number of Schemes using the adjusted rates in the schedule of rates in Appendix B of the Pricing Schedule. (The Highways Agency will provide tenderers an overview of the scheme briefs that will be used in the financial assessment during

the tender period. Such scheme briefs will not specify any of the items within the schedule of rates to be used or the quantum of any item. In the financial assessment, the Highways Agency will apply consistent assumptions for all Tenderers.),

- d) an allowance for Design Services using the tendered Design Factors,
- e) an allowance for Management Services using the tendered Management Factor,
- f) an allowance for various RTMC, HADECS Suppliers and VMS Suppliers traffic management requirements using the adjusted rates in the schedule of rates in Appendix B of the Pricing Schedule,
- g) an allowance for cost reimbursable work including the tendered fee percentages,
- h) an adjustment for the anticipated changes to the Area Network (if applicable),
- i) an adjustment for the anticipated changes to the Services (if applicable) and
- j) an allowance for compensation event assessments including the tendered fee percentages.

An example of the proforma spreadsheet for the collection of these figures is included at Annex B.

- 2.5.2 An adjustment to the total lump sum price is made to allow for the effect of possible Area Network changes. The figure inserted into the calculation is the change to the total prices over the *contract period*, assuming all changes are made as described.
- 2.5.3 An adjustment to the total lump sum price is made to allow for the effect of possible Area Service changes. The figure inserted into the calculation is the change to the total prices over the *contract period*, assuming all changes are made as described.
- 2.5.4 The lowest priced Tenderer with an acceptable quality mark will be given a score of 100. The score of other Tenderers with acceptable quality marks will be calculated by deducting from 100 1 point for each full percentage point by which their price is above the lowest price.
- 2.5.5 The Procurement Officer will notify the Financial Assessment Panel if a tender that has failed to achieve the minimum quality requirements is to be excluded. If a tender or tenders are excluded, the Financial Assessment Panel will recalculate the financial score.
- 2.5.6 At this stage, a detailed review of the costs is not needed, as this will be carried out at Stage 3. The Stage 1 assessment should, however, be reviewed for apparent errors or improper pricing, and should seek to identify any major variances, either from the Agency budget, or from other Tenderers. These should be highlighted in the report to the Procurement Officer on Stage 1.

2.6. Determining the tender to be Validated

- 2.6.1 The score for the Quality Statement and the financial score will be combined in the ratio 50:50. The total will be expressed to one decimal place. If any two Tenderers have the same score they will be ranked in order of highest quality score.
- 2.6.2 If the price assessed by the Financial Assessment Panel of the Tenderer with the highest total score is higher than the Highway's Agency's budget for the work, the Highway's Agency will carry out an affordability review of the tenders, and the Highways Agency may cancel the procurement if it considers the tenders are not affordable.
- 2.6.3 If there are sound reasons for concluding that the tender is affordable, the reasons should be documented. If not, other tenders should be considered, to establish whether there are other acceptable bids within the budget. However, as no affordability criteria has been transparently established in the Instructions for Tenderers it would not be possible to reject the bid on affordability grounds and move on to another tender. The Agency would need to consider the budget aspect going forward and to whether the budget can be increased.
- 2.6.4 The tender with the highest total score and an affordable price will be validated. In the event of more than one tender with the same total score and affordable prices, these tenders will be validated.
- 2.6.5 The Procurement Officer will advise the Panels on the Tender(s) to be validated.

3. STAGE 2

3.1. Quality - Validation of Part B

- 3.1.1 The evidence provided in the quality statement is to consist of verifiable statements to show how the approach proposed in Part A has contributed to successful delivery of similar services on other projects. The validation process is solely to make sure that the evidence is supported by facts. The Quality Assessment Panel carries out the validation. At this stage, the Panel cannot take new information into account, and thus the only possible change to a Tenderer's score is to reduce it.
- 3.1.2 The Tenderer (or Tenderers) to be validated should be given a date and time for the validation interviews, an agenda, and a list of questions and issues to be followed up. This information should be completed and issued in advance of the visit. This will allow the Tenderer to have the appropriate people and evidence available for inspection or questioning. A record of interviews, lists of the issues raised at the validation visit, and records of the evidence presented and the Panel's comments on it should be documented. Any adjustments made to the marks including explanations for the adjustments should be recorded.
- 3.1.3 The validation can be carried out on any element of the Part B submission, and any part of the evidence can be investigated.
- 3.1.4 In validating Part B of the Tenderers' Quality Statements, the Quality Assessment Panel will use any practical means, and may approach any person or organisation named in the Quality Statement as part of the validation.
- 3.1.5 If the evidence is not validated - that is, the statement of evidence is not supported by factual evidence - the Panel will review their marks to take account of the results and conclusions of the validation process.
- 3.1.6 Validation is only carried out on the highest scoring tender (or equal highest of more than one). As the only change from validation is to reduce the score, a Tenderer with the highest score after it has been validated cannot be beaten by any other Tenderer.
- 3.1.7 If the review by the Quality Assessment Panel results in another Tenderer having the highest score, then that Tenderer is validated. The process continues until the preferred bidder has been established – this will be the Tenderer with the highest score after it has been validated.

3.2. Financial - Validation

- 3.2.1 The Financial Assessment Panel carries out checks on the submitted overhead calculations and the build up in the Fee Schedule and the build up of the *third party claims overhead percentage*. The checks consist of seeking evidence to demonstrate that the percentage calculations and charges are representative of the likely costs to be incurred, and that the *third party claims overhead percentage* has been built up in accordance with the requirements of Service Information Annex 23 Appendix A.

- 3.2.2 The information provided with the tender should be tested to identify the source for the information and consider the veracity of the source. The figures should normally be shown to have been calculated from costs incurred, and to be commensurate with costs used on other schemes. Any uncertainty should be taken up with the Tenderer, and satisfactory responses obtained.
- 3.2.3 The Financial Assessment Panel will also review the Tenderer's Pricing Schedule Appendices. They will seek to satisfy themselves that they include for reasonable level of resources for the work described, and may seek further information or an explanation of any elements of the pricing information
- 3.2.4 If the tendered information is not supported by satisfactory evidence, the Assessment Panel reports on the failure to the Procurement Officer. A further internal review will normally take place before a decision is made as to whether or not to reject the tender.

Validation of Scheme costs

- 3.2.5 The Scheme costs and the Scheme pricing information are also reviewed by the Financial Assessment Panel to allow the Agency to be satisfied that they include for reasonable level of resources for the work described. The Financial Assessment Panel needs to be comfortable that there is no major shortcoming in the prices. To do otherwise would be to give an unfair advantage to an improperly prepared tender.
- 3.2.6 In broadly the same way the sustainability checks are carried out, the validation should not involve a detailed review of background information to assess whether the price is right, but a broader approach – for example, is the rate for labour sensible? Are any major materials missing? Have reasonable allowances for temporary works been made? If this is not clear from the details provided, then further explanatory material should be obtained.
- 3.2.7 Where any additional information or clarification is required from a Tenderer, this should be obtained before completing this section of the assessment. Failure to provide satisfactory evidence to support any part of this aspect of the tender may result in the tender being rejected.
- 3.2.8 Section 3 and all other provisions in this Guidance for Tender Assessment document are without prejudice to the Highways Agency's rights to undertake due diligence in relation to a potentially abnormally low offer under the Public Contracts Regulations 2006, as amended. The Highways Agency may undertake due diligence in relation to a potentially abnormally low offer on any aspect of a tender and at any stage of the procurement process.

3.3. Determining the Preferred Bidder

- 3.3.1 Following validation then that Tenderer becomes the Preferred Bidder if their score remains the highest.
- 3.3.2 If validating the financial information has led to the rejection of the tender, or the Tenderer's score has been changed, and is no longer the highest score, the tender with the next highest total combined score from Stage 1 is validated. This process continues until a tender with a validated score higher

than other bidders has been identified. This Tenderer becomes the Preferred Bidder.

- 3.3.3 The Procurement Officer will inform Tenderers whether or not they have been identified as the Preferred Bidder.

4. STAGE 3

4.1. Sustainability Checks

- 4.1.1 The affordability of the bid is likely to have been raised, if an issue, at Stage 1 of the assessment. This stage focuses on sustainability – can the lump sum service be provided as required and as promised in the quality statement with the resources proposed?
- 4.1.2 It will be necessary for the Panels to work together to complete the assessment. As an example, the Financial Panel needs to understand the level of resource skill and experience for a post as assessed by the Quality Panel, in order to check that the cost proposed is adequate for that level of skill and experience. The Panels need to form a view on whether the resources and costs proposed are likely to provide the service required by the contract and set out in the Quality Statement.
- 4.1.3 During this stage of the assessment, the Quality Assessment Panel and the Financial Assessment Panel may seek further clarification from the Preferred Bidder to enable them to understand the submission better. If a conclusion is drawn that one or more items do not have sufficient resource or cost to provide the level of service set out in the quality statement, this should be referred to the Preferred Bidder for comment. The Preferred Bidder's views should be taken account of in the final report on sustainability and affordability.
- 4.1.4 The clarification may include requiring the Preferred Bidder to price a dummy scheme with supporting documentation. These clarifications may be sought in writing or at a meeting called for that purpose (and confirmed in writing). This can not change the tender or
- be used for compliance checks as compliance is undertaken in Stage 1; and/or
 - be used for validation purposes as tender validation is undertaken in Stage 2.
- 4.1.5 A final joint report is provided to the Procurement Officer, recording any areas where the bid is considered to have insufficient allowances of resource or cost to cover the service requirements. The Preferred Bidder must be made aware of any such conclusions. Decisions on actions to be taken will be made by the Procurement Officer in consultation with others after the report is completed.
- 4.1.6 This sustainability check is in addition to and without prejudice to the Highways Agency's rights to undertake due diligence in relation to a potentially abnormally low offer under the Public Contracts Regulations 2006, as amended. The Highways Agency may undertake due diligence in relation to a potentially abnormally low offer on any aspect of a Tender and at any stage of the procurement process.

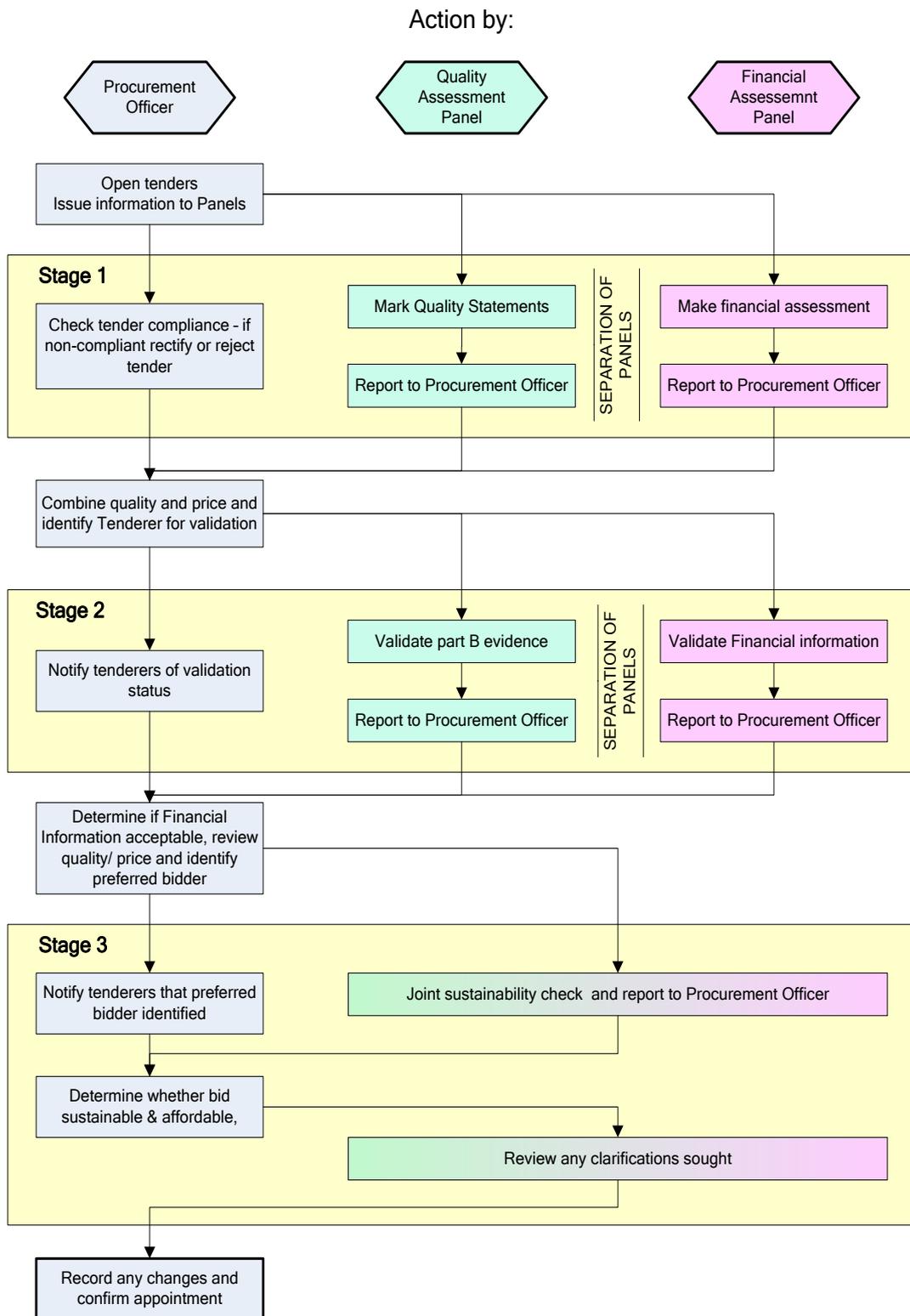
4.2. Feedback

- 4.2.1 Written feedback will be provided to all Tenderers immediately after the winning tender has been identified. The material prepared during the

assessment and recorded on the marking sheets should form the basis of any feedback.

Annex A - Tender Evaluation Process

Flow Chart showing the Tender evaluation process in full



Annex B - Financial Assessment

ASC Contract – Tender Financial Assessment				Area:	
Tenderer					
Total 5 year lump sum prices					
Provider's Schemes construction					
Lump Sum year on year reduction (%)					
Schedule of Rates year on year reduction (%)					
<i>direct fee percentage (%)</i>					
<i>subcontracted fee percentage (%)</i>					
Total 5 year Lump Sum Price after year on year reduction					
Provider's Schemes construction after year on year reduction					
Provider's Scheme design					
Managed Works design					
Managed Works management					
Traffic Management for RTMC, HADECS & VMS					
Allowance for Cost Reimbursable work					
Allowance for compensation events					
Sub-Total					
Adjustment for Network Alteration					
Adjustment for Service Alteration					
Tender Assessment Total					