

## Appendix Three

### Summary Procedure for Evaluation of Bidders' Proposals and Identification of a Preferred Bidder

#### Background

Publication of an OJEU notice on 10 August 2009 resulted in eight interested parties at pre-qualification stage (PQQ). Five Bidders were invited to participate in Competitive Dialogue with the Council, University of Leicester and HM Prison Leicester with a view to developing a solution (Final Bid) to meet the Project Specification, although two Bidders withdrew from the process.

Final Bids were submitted on 11 June 2010. Bids have been evaluated and a Preferred Bidder has been identified by the Bid Evaluation Panel using the selection and evaluation criteria set out in this report.

#### Procedure

The Preferred Bidder will be identified on the basis of it being the most economically advantageous tender in accordance with the following award criteria:

Quality	70%
Price	30%

This is the basis on which Final Bids will be assessed in respect of their ability to provide the service required on the terms specified.

#### Scoring Mechanism

Each of the Bidders' responses will be allocated an individual score where:

- 0 = Fails to meet minimum acceptable standard / fails to meet any requirements
- 1 = Low standard with significant reservations / meets some requirements
- 2 = Good standard, but with some reservations / meets most requirements and demonstrates commitment to meeting minimum requirements
- 3 = High standard / meets all requirements
- 4 = Very high standard with no reservations at all / exceeds requirements

Apart from the section of criteria under the heading "Value Added", a score of '0' or '1' against any of the award criteria will mean disqualification of the Bid, although prior to a decision on disqualification the Council may contact the Bidder to clarify the Bid detail.

#### Metering

Each Bidder will be providing two bids – one bid to include an individual residential metering solution as well as non-residential meters (Bid A), and one bid to include non-residential / landlord meters only (Bid B). Both Bids will be evaluated separately.

#### Key Selection, Evaluation and Award Criteria

Evaluation of Final Bids and selection of a Preferred Bidder will be based on the following Award Criteria:

- Project Appreciation
- Methodology
- Ability to Deliver Requirements / Obligations
- Ability to Deliver Environmental Objectives
- Ability to Deliver Service Objectives
- Proposition / Value Added
- Ability to Deliver Price Objectives
- Risk of Failure to Deliver a Successful Scheme

The evaluation matrix is based on the generic models developed by the Corporate Procurement team. The criteria were refined over a series of structured meetings with key personnel including Financial and Legal - and (following an in-house test) were approved by the Project Board. Each of the criteria was given high, medium or low weightings that were then translated into numeric and percentage weightings:

Criteria	Weighting	Rationale
<p><u>Project Appreciation</u> Assesses the Bidders' understanding of:</p> <ul style="list-style-type: none"> <li>- the Council's objectives / required outcomes (the importance of reducing emissions and ensuring sustainability and affordability); the phasing possibilities and growth potential</li> <li>- the issues and risks that might affect delivery including legal; procedural; contractual and physical constraints; planning constraints; construction and traffic management issues</li> <li>- The current district heating system.</li> </ul>	5%	Total of 3 key requirements - all seen as important but lower priority.
<p><u>Methodology (robustness of solution)</u> Assesses the Bidders' proposals, methodology and rationale for:</p> <ul style="list-style-type: none"> <li>- phasing / routing the network / network expansion and impact management</li> <li>- project management / project controls</li> <li>- transitional arrangements / service levels</li> <li>- deployment of suitably qualified personnel</li> <li>- risk management / BCP arrangements</li> <li>- consultation / end user engagement</li> <li>- monitoring / reporting to LCC during design / build</li> </ul>	8%	Total of 11 key requirements - all seen as important but lower priority.
<p><u>Ability to Deliver Requirements / Obligations</u> Assesses the Bidders' ability to:</p> <ul style="list-style-type: none"> <li>- raise funds (including funding programmes)</li> <li>- meet delivery timescales</li> <li>- ensure good residual condition of infrastructure</li> <li>- return assets to LCC and end of contract term</li> <li>- meet legal obligations</li> <li>- accept LCC terms and conditions including acceptance of risk.</li> </ul> <p>Assesses the Bidders':</p> <ul style="list-style-type: none"> <li>- proposed customer satisfaction measures and partnership proposals</li> <li>- financial model including effect on capital and revenue budgets and value of assets.</li> </ul>	24%	Total of 15 key requirements – ranging from low to high priority.
<p><u>Ability to Achieve Environmental Objectives</u> Assesses the Bidders':</p> <ul style="list-style-type: none"> <li>- ability to meet and/or exceed carbon reduction targets (ensuring they are verifiable)</li> <li>- commitment to develop sustainable and renewable sources of energy</li> <li>- proposed measures to dispose of waste</li> </ul>	8%	Total of 3 key requirements – all with high priority.
<p><u>Ability to Achieve Service Objectives</u> Assesses the Bidders'</p> <ul style="list-style-type: none"> <li>- approach to retailing heat, billing and payments; debt management</li> <li>- technical proposal to include service quality and security of supply</li> <li>- metering proposition including phasing, placement,</li> </ul>	12%	Total of 6 key requirements – ranging from low to high priority.

<ul style="list-style-type: none"> <li>minimisation of disruption and choice</li> <li>- approach to customer care including feedback mechanisms.</li> </ul>		
Proposition / Value Added including partnering proposition	9%	Total of 11 key requirements – ranging from low to medium priority.
Ability to Achieve Price Objectives	30%	Total of 5 key requirements – all with high priority.
Risk of Failure to Deliver a Successful Scheme	4%	1 key requirement with high priority - 11 sub-criteria.

### Results of the Evaluation Scoring

The table below shows the result of the evaluation scoring process and includes evaluation of the Final Bids and clarification responses:

Evaluation Criteria	Maximum Available Score	Dalkia	Cofely
Project Appreciation	360	135	245
Methodology	590	287	453
Ability to Deliver Requirements	1780	713	1228
Ability to Achieve Environmental Objectives	600	350	358
Ability to Achieve Service Objectives	940	468	549
Proposition / Value Added	680	217	365
Ability to Achieve Price Objectives	2260	1143	993
Risk of Failure to Deliver a Successful Scheme	225	113	150
<b>TOTAL</b>	<b>7435</b>	<b>3426</b>	<b>4341</b>

The score for each criterion represents the combined average scores of the relevant panel members.

Whilst the Preferred Bidder has been identified as meeting most of the Bid requirements and the Bid has been evaluated as the “most economically advantageous” in accordance with procurement requirements, there are still some matters that are being finalised as part of the fine-tuning process currently underway including discussions with both the University and HM Prison Leicester.