



Initial Tender Report

On

Enhancements and Improvements to Grenfell Tower

For

Royal Borough of Kensington and Chelsea Tenant Management Organisation Ltd

Date: February 2014

Artelia UK
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Approval Sheet and Foreword

Our ref: 11833

TENDER REPORT - INITIAL

For

ROYAL BOROUGH OF KENSINGTON AND CHELSEA TENANT MANAGEMENT ORGANISATION LTD (KCTMO)

ENHANCEMENTS AND IMPROVEMENTS TO GRENFELL TOWER

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FOREWORD

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Distribution Sheet

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TENDER REPORT - INITIAL

For

**ROYAL BOROUGH OF KENSINGTON AND CHELSEA TENANT MANAGEMENT
ORGANISATION LTD (KCTMO)**

ENHANCEMENTS AND IMPROVEMENTS TO GRENFELL TOWER

<u>DISTRIBUTION</u>			
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1.0 INTRODUCTION

This report is in relation to the tenders returned on 14th February 2014 for Enhancements and Improvements to Grenfell Tower at Grenfell Road, London W11 1TQ.

The works tendered comprise Design, Construction, Completion and Defects Rectification of the proposed re-cladding and installation of new windows of Grenfell Tower including mechanical and electrical installations and remodelling of its lower floors to provide improved accommodation for a nursery, boxing club, offices, new entrance and 7 new residential flats and some soft and hard landscaping works surrounding the Tower.

The enhancements and improvements to Grenfell Tower is an extension of the Kensington Academy and Leisure Centre Project (KALC) and integral to the upgrade public realm. These works are currently being carried out by other Contractor's – Bouygues.

The works were tendered as a single project, to be completed in one section and on a lump sum firm price basis. The tender was based on the JCT Design and Build contract (2011 Edition) including amendments.

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2.0 TENDER INVITATION

2.1 Tender Invitation and Procedure

The five tenderers were carefully selected by the client and design team through OJEU European public procurement process.

All tenderers were approached prior to the issue of tender documents with outline details of the project and timescales and all confirmed they would submit a tender. Tenders were issued via SharePoint site on 29th November 2013; all tenderers were granted access to the Tender Documents on secure SharePoint Directory.

The contractors invited to tender on were:

- **Durkan Ltd**; The Garden House, Southhill Park, Southhill, Bedfordshire, SG18 9LL
- **Keepmoat Ltd**; The Waterfront, Lakeside Boulevard, Doncaster DN4 5PL (*withdrew*)
- **Mulalley & Co Ltd** ; Teresa Gavin House, Woodford Avenue, Woodford Green, Essex IG8 8FA
- **Rydon Ltd**; Rydon House, Station Road, Forest Row, East Sussex, RH18 5DW
- **Wates Construction Ltd**; Wates House, Station Approach, Leatherhead, Surrey KT22 7SW (*withdrew*)

All five contractors attended a site visit followed by the Bidder's Conference on 5th December 2013. A presentation about the project was made by KCTMO and Design Team and the aim of this session was to give all tenderers a chance to ask questions about the tender.

JCT Practice Note 6, Series 2 (Main Contract Tendering) was stipulated as the guideline for tendering procedure. Overall price as dominant was selected for the method of dealing with any errors found within tenders.

Evaluation of Tenders and interviews will be undertaken in accordance with the overall Evaluation Strategy for the project as detailed below: -

Criteria	% Weighting
Tender Price	34%
Price for Alternative Works	6%
Technical Quality: (overall account for 55% of the final score)	
Organisation	10%
Logistics	20%
Programme	10%
Supply Chain	5%
Planning	15%
Quality	10%
Resident Liaison	15%
Grant Funding	10%
Environment	5%
Interview Quality	5%

2.2 Form of Contract

The form of contract prescribed in the tender documents is JCT Design and Build Contract 2011 Edition with amendments.

Tenderers were instructed to base tenders on contract duration of 14 months.

2.3 Tender Issue

Artelia UK, on behalf of the KCTMO, invited tenders from the initial 5 selected contractors on 29th November 2013.

A tender period of 9 weeks was allowed. Tenders were to be returned to Artelia UK by noon on Friday 31st January 2014.

Following issue, two of the five contractors withdrew (see Section 2.4 below). The tender period extended as noted below.

Thirteen (13) tender addendums were issued during the Tender Period, as follows:

1. Addendum 1 - issued 13th December 2013
2. Addendum 2 - issued 16th December 2013
3. Addendum 3 – issued 19th December 2013
4. Addendum 4 – issued 6th January 2014
5. Addendum 5 – issued 9th January 2014
6. Addendum 6 – issued 13th January 2014 including extending the Tender Return Date from Noon Friday 31st January 2014 to Noon Friday 7th February 2014
7. Addendum 7 – issued 16th January 2014
8. Addendum 8 – issued 17th January 2014 including extending the Tender Return Date from Noon Friday 7th February 2014 to Noon Friday 14th February 2014
9. Addendum 9 – issued 23rd January 2014
10. Addendum 10 – issued 27th January 2014
11. Addendum 11 – issued 3rd February 2014
12. Addendum 12 – issued 6th February 2014
13. Addendum 13 – issued 7th February 2014

The extensions issued to the tender return date and time (tender addendums 6 and 8) were agreed following requests from the tenderers and were considered likely to be beneficial to the quality of the tender returns.

All three tenderers have returned the acknowledgement of receipt form for addendum 1-13 and confirm these have been incorporated into the tender.

2.4 Tender Withdrawals

Of the original five tenderers invited, Wates Construction Ltd notified that they could not return a tender on 18th December 2013; stating they were having trouble with resources due to an unforeseen amount of project wins.

Keepmoat notified that they could not return a tender on 15th January 2014 as they have concluded that there is a high probability that they will not be able to achieve a tender adjudication with sufficient confidence to address the time-limitation issues from their specialist supply chain members to submit a quote.

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3.0 TENDER RESULTS

3.1 Tender Returns

All three remaining tenderers, Durkan, Mulalley and Rydon, returned their tender by the required time and date (12.00hrs, 14th February 2014, Friday) to Royal Borough of Kensington and Chelsea Tenant Management Organisation Ltd (KCTMO).

Tenders were opened on the 14th Feb 2014 at office of KCTMO by the following:

- Robert Black, CEO of KCTMO
- Fay Edwards, Chairman of KCTMO

All tenderers were asked to return the following items that would comprise their tender:

- Form of Tender
- Certificate of Non-Collusion
- Freedom of Information Form
- Completed Contract Sum Analysis
- Responses to the Quality Questions
- Outline Programme

The table below summarises the items returned from the tenderer:

Description	Rydon	Durkan	Mulalley
Form of Tender	Yes	Yes	Yes
Certificate of Non-Collusion	Yes	Yes	Yes
Freedom of Information Form	Yes	Yes	Yes
Completed Contract Sum Analysis	Yes	Yes	Yes, but not populated.
Responses to Quality Questions	Yes	Yes	Yes
Outline Programme	Yes, 62 weeks	Yes, 65 weeks	Yes, 80 weeks

3.2 Tender Sums

The Tender Sum returned was as follows:

Contractor:	Tender Amount:
Rydon	£9,249,294.00
Durkan	£9,940,928.00
Mulalley	£10,426,414.00

3.3 Spread of Tender

The spread of tenders is considered high, with a difference of approximately £1.18M (12.7%) between lowest and highest price tender. There is approximately £692K between the two lowest priced tenders.

	Rydon	Durkan	Mulalley
Amount above lowest	-	£691,634.00	£1,177,120.00
% above lowest	-	7.5%	12.7%

4.0 TENDER EXAMINATION

4.1 Arithmetical Check

The tenders were checked and arithmetical error was found in Rydon's tender, which if adjusted for would omit £2.00 to the tender figure. Rydon will be asked if they will absorb the error and stand by their tender. No arithmetical errors were found in both Durkan and Mulalley's tenders.

4.2 Overview and Comparison with Estimate

The last estimate was issued by Artelia UK on 13th February 2014. This totalled £10,045,000.00, including fees but excluding contingency.

4.2 Overview and Comparison with Estimate (cont.)

A simplified comparison of major price categories is provided below:

Ref	Descriptions	Artelia's Pre-tender Estimate	Rydon	Durkan	Mulalley	Average
		£	£	£	£	£
Part 2	Preliminaries	1,288,900	675,692	1,627,798	1,911,693.61	1,405,061
Part 4	Employer's Provisional Sum	210,600	219,375	195,000	204,750.00	206,375
Part 5 B1	7 units of Social Housing	891,694	370,256	384,320	274,731.82	343,103
B2	Works to existing 20-storey flats and common area	1,000,599	1,417,782	1,299,929	804,601.14	1,174,104
B3	Nursery, Play Area, Meeting Room and Lobbies	490,090	227,697	377,555	113,950.35	239,734
B4	EMB Offices, Community Meeting Room, Kitchen, Lobbies, Store Room and Staircase	184,469	148,829	231,543	399,764.29	260,045
B5	Boxing Club	420,937	181,603	87,486	108,077.22	125,722
B6	Works to existing Under-croft	60,000	10,454	24,372	4,708.23	13,178
B7	Central Mechanical and Electrical Services	2,192,760	1,216,729	1,084,277	1,443,368.90	1,248,125
B8	External Facade	2,606,463	3,830,297	3,686,420	4,170,369.98	3,895,696
B9	Works to existing Garage	10,000	37,781	30,517	Included	34,149
B10	Works to Basement	112,914	0.00	0.00	Included	0.00
B11	External and Landscaping Works	412,080	599,319	577,631	583,416.46	586,789
13	Fees for Novated team	163,437	126,438	217,625	163,437	169,167
14	Other Fees and Charges	0.00	187,041	116,455	243,545	182,347
	TOTAL	10,045,000	9,249,294	9,940,928	10,426,414	9,872,212
	Error on Novation Fees	54,188	0.00	0.00	54,188	18,063
	ADJUSTED TENDER SUM	10,099,188	9,249,294	9,940,928	10,480,602	9,890,275

The table above indicates the split of the tender between the main sections. It also shows a comparison to the pre-tender estimate. It should be noted that the estimate and tender are compiled and priced differently and so the comparison is only approximate in places.

4.2 Overview and Comparison with Estimate (cont.)

Rydon have priced the Preliminaries very competitively and below average. The amount included in the tender is £675,692 and represents 7.3% of their total tender sum or equivalent to an approximate of £10,898 per week is considered below average. Durkan and Mulalley's preliminaries (16.4% and 18.3% of their tender sum respectively) are notably higher than average.

The average tender prices for B1: 7 units of Social Housing is £343k, this is £549k below the estimate allowance. This is mainly due to all three tenderers have included the price for external walls for new enclosure in B8: External Façade and some of the M&E services for Social Housing in B7: M&E Services instead of in B1 as allowed in the estimate.

The main area has been identified as being significantly higher than expected is B8: External Façade (cladding, windows, curtain walling). The estimate of £2.6M is £1.29M below the average tender sum for B8: External Façade. However, the tender prices for B7: Central Mechanical and Electrical Services are significantly lower than the allowances in the estimates. The estimate of £2.2M is £945k above the average tender price for B7: M&E services.

All three tenderers did not price for B10: Works to Basement (mechanical ventilation system) but it's deemed that the price for B10 is included in B7: Central Mechanical and Electrical Services.

All three tenderers priced for the Novation Fees but with different value, this has been reviewed and the correct total Novation Fees is £217,625.00. Rydon has confirmed that they have included £91,187.00 of Novation Fee in 'Other Fees and Charges', and therefore their final tender sum will not be adjusted. Mulalley's tender sum has been adjusted to reflect genuine error on the Novation Fee. The average other fees and charges not included in novated fee schedule is £152k.

Overall, the table above reveals broadly consistent pricing at a sustainable level.

The following provisional sums are included in the Tender:

Item	Descriptions	Amount (£)
1	Signage	20,000
2	Replacement of duct panels to Riser	20,000
3	Asbestos removal	100,000
4	Replacement of bathroom central extract fans	8,000
5	Replacement of rubbish chute central extract fans	3,000
6	Attenuation of boiler room supply fan	2,000
7	Attenuation of smoke system supply fan	2,000
8	Provision of ventilation grille to gas risers for each flat	40,000
9	Add % on provisional sum total of £195,000	

Durkan has not included a percentage on the provisional sum. They have made an assumption that provisional sum was inclusive of overhead and profit. They have requested to add on 7.5% for this section during tender clarifications process, however this is rejected as tender price is dominant and all tenderers are allowed to adjust their original tender sum. Rydon and Mulalley have added on a 12.5% and 5% respectively on the provisional sums.

4.2 Overview and Comparison with Estimate (cont.)

The following cost for Alternative Design Solutions do not form part of the Tender sum. These works were evaluated separately and form 6% of the overall mark:

	Descriptions	Rydon £	Durkan £	Mulalley £
1	New Aluminium cladding including necessary support, insulation, etc. to façade of Tower	-243,067.00	-169,726.89	No offer
2	<u>Low Temperature Hot Water Heating: -</u> Main controls installation - Outstation' type controls which can communicate with major Building Management Systems (BMS) installations, such as TREND, etc.	20,454.00	31,390.87	37,842.00
3	Two Small Radiators in Living room, none in Kitchen and associated redecoration works	-12,567.00	13,531.12	65,916.00
4	<u>Heating metering options for all of the areas being provided with the new HIU installations:</u> Remote hard-wired metering suitable for Mbus or similar systems for data collection	38,837.00	39,537.93	12,398.00
5	Heat metering via remote Hard-wired system suitable for Mbus or similar systems for data collection with 'pay as you go' card payment system	86,216.00	86,752.63	83,813.00
6	Remote wireless operated metering with 'pay as you go' card payment system	Included in above	Included in above	Included in above
7	<u>Natural Gas:</u> New boiler plant sub-meter – A digital meter connected to a central BMS/metering system	Included in Tender	10,568.25	1,713.00
8	<u>Mechanical Extract Ventilation:</u> Installation of an MEV and all associated works within each flat	130,344.00	134,216.74	105,384.00
	Total	20,217.00	146,270.65	307,066.00
	<i>Durkan other possible saving option: Alternative window manufacturer</i>	-	-114,866.00	-
	<i>Mulalley alternative crown arrangement as drawing nr. 1279(06)111</i>	-	-	£250/m2

5.0 VALUE ENGINEERING

Budget available is £8.5M. In order to reduce the price back to the budget, a figure in the region of **£749k** would need to be saved from the lowest tender. Some of the areas below alongside some options that are already included in the tender would be the key areas to review initially, with the Contractor's input, namely:

Item	Options
1.	<u>Pipework in the lift lobbies</u> The pipes in the lobbies could be boxed in rather than putting a new ceiling in place.
2.	<u>Heating Pipes</u> Put the heating pipes within the refuse chute. This will save drilling and noise within the communal areas.
3.	<u>Review of the windows</u> This is a discussion that needs to happen with the contractor.
4.	<u>Underfloor Heating</u> There is currently underfloor heating included for the ground floor entrance and boxing club staircase. Heating is definitely required, but there may be a cheaper option.
5.	<u>Crown of the Building</u> Works to the crown of the building could be removed.
6.	<u>Lobby Feature Lighting</u> Reduce the spec of the lobby feature lighting.
7.	<u>Heat Meters</u> Omit the heat meters but allow for them to be retrofitted at a later date if required.
8.	<u>Fitting and Fixtures</u> Reduce the specification of fittings and fixtures.

As part of the technical quality evaluation the Tenderers were asked to explain how they would secure ECO funding on behalf of the client which could be a way for the budget to increase. In response to this question, Mulalley stated that they secured a conditional offer of £182,400 from EDF Energy. This potential cost saving does not form part of their tender sum and therefore represents a potential saving.

Durkan estimated receiving an ECO fund in the amount of £168,900 and have confirmed that this cost saving has formed part of their preliminaries in their tender sum. Therefore, this does not present a potential cost saving for the scheme.

Rydon did not give a suggested figure for the quantum of ECO fund that they can achieve. However, they submitted a strong answer and will be able to secure funding

for this scheme on behalf of KCTMO. Therefore, there will be a potential saving that can be made through ECO funding if Rydon are appointed.

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6.0 QUALIFICATIONS

The tender was reviewed for any qualifications or clarifications included. On 25/02/14 Artelia wrote to each of the Tenderers confirming which qualifications were accepted and asking the Tenderers to confirm their position on a number of other qualifications. The qualifications, letters and responses can be found in Appendix D.

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7.0 QUALITY

The quality assessment is worth 60% of the overall score. Of that 60%, it was decided that the quality score would be split with 55% of the marks awarded for the tender return and 5% of the marks awarded for the interview.

The quality assessment was based on the following questions.

1.0 ORGANISATION	
<p>1.1 Please provide the structure and organisation of your overall project team(s) including details of the design, construction, procurement and management teams throughout the project lifecycle (e.g. pre-construction, construction, defects liability period). Please indicate where the project will be managed e.g. identify site or head office.</p> <p>Note 1: Any changes in the membership of the successful tenderer's team following the submission of tenders shall be immediately referred for approval by the Client.</p> <p>Note 2: Please provide names of individuals wherever possible, otherwise please provide role and title.</p>	5%
<p>1.2 Please provide summary one page CVs for all proposed key personnel within the contractor and any known key supply chain teams (including design) covering all project stages.</p> <p>Note 1: Your response must include the CV of the person who will be responsible for the day to day management of project health and safety and the person responsible for the co-ordination of design. A sample template for an appropriate CV is attached as Appendix A.</p> <p>MAX 1 SIDE A4 PER INDIVIDUAL. MAXIMUM 20 CVS</p>	5%
2.0 LOGISTICS	
<p>2.1 Please provide your outline methodology, work area by work area for the delivery of the works in accordance with your proposed Programme.</p> <p>MAX 1000 WORDS</p>	10%
<p>2.2 Please provide simple layout plans detailing the key sequencing (and phasing if applicable) stages and working arrangements throughout the project for each work area (together with a written statement listing all tasks in each area). The layout plans should include proposed site set up, materials set down, storage areas, proposed access and circulation routes, including entry and egress, and fencing lines and other segregation measures for safety and security. You should also identify the proposed plant that you intend to employ to move materials around the site.</p> <p>ANNOTATED SCALE PLANS IN PDF FORMAT LEGIBLE WHEN PRINTED AT A3</p>	10%
3.0 PROGRAMME	
<p>3.1 Please provide an outline integrated design, procurement and construction</p>	10%

<p>programme that accords with the dates identified in the tender documents. This timetable should be for all the Works and take into account the restraints set out in the Brief.</p> <p>Your programme should identify and include any long lead in items and the dates when these need to be ordered to meet the programme.</p> <p>SUBMIT THE PROGRAMME IN BOTH PDF FORMAT SUITABLE FOR LEGIBLE PRINTING AT A3, LANDSCAPE AND IN MS PROJECT ENSURING THE DOCUMENT IS SAVED AS 2007 FORMAT</p>	
4.0 SUPPLY CHAIN	
<p>4.1 Please explain the procedure you have used or will use to select the supply chain (including the designers). How will this offer best value to KCTMO?</p> <p>500 WORDS MAXIMUM</p>	2%
<p>4.2 In our experience the contractor is likely to let a large proportion of the works to the supply chain. It is the supply chain who will have the day to day interface with residents and the quality of the final works will be largely due to their skill and experience. How do you motivate and involve the supply chain in delivering the goals and objectives of the project?</p> <p>500 WORDS MAXIMUM</p>	3%
5.0 PLANNING	
<p>5.1 The Client has obtained planning permission for the works. Provide details of your proposals for liaison with the planning authority and detail:</p> <p>(a) How you will manage the discharge of any conditions which are the responsibility of the contractor; and</p> <p>(b) Obtain any necessary approvals for materials proposed.</p> <p>What do you consider are the key risks associated with planning issues and how do you propose to mitigate these?</p> <p>1000 WORDS MAXIMUM</p>	15%
6.0 QUALITY	
<p>6.1 Please describe how you will ensure quality is managed both off and on site through all project stages and packages, including during the Defect Liability Period.</p> <p>1000 WORDS MAXIMUM</p>	10%
7.0 RESIDENT LIAISON	
<p>7.1 Having significant works undertaken in their homes and in the surrounding area can be a time of frustration, stress and even fear for some residents. In addition to allowing access to their homes they have to manage work and / or family commitments. Some residents will have particular issues such as health problems or problems with communication. Please explain how you will work with the Client throughout the project and in the defect liability period</p>	15%

to alleviate the concerns of residents and ensure that they are kept informed of the works. 1500 WORDS MAXIMUM	
8.0 GRANT FUNDING	
8.1 The Client expects the contractor to secure additional external funding through grants that may be available, to contribute towards energy efficient/eco design solutions on this project. Please provide in detail the process you will go through to identify appropriate grant funding opportunities, how you will assist the Client, who has limited resources, in successfully securing such funding and how you will accommodate any additional work resulting from grant awards into the project scheme and programme? The funding of this project is partly dependent on the Client obtaining such grant funding. 1000 WORDS MAXIMUM	10%
9.0 ENVIRONMENTAL	
9.1 Please explain how you will: (a) Minimise waste in this project; (b) Recycle as much waste as possible. 500 WORDS MAXIMUM	3%
The tender document indicates the required BREEAM rating for this project is good. Please outline your strategy to achieving the required BREEAM rating, and please indicate any particular features you will include to achieve this. Please confirm the identity and experience of your specialist BREEAM adviser. 500 WORDS MAXIMUM	2%

All of the questions were marked by a panel and the average score for each question was computed and used for the evaluation. Different were used to evaluate the different questions in the Technical Quality but the same panel scored all Tenders for the aspect of the evaluation in which they are involved.

All of the questions were marked using the following evaluation criteria.

Score	Assessment	Interpretation
10	Excellent	In addition to providing a response that would be deemed "good", the response identifies factors that offer potential to significantly improve value for money with full supporting evidence..
8	Good	In addition to providing a response that would be "satisfactory", the response identifies factors that offer potential to improve value for money with reasonable supporting evidence.
6	Acceptable	The submitted response addresses the question without any reservations with reasonable evidence to support the response.
4	Minor Reservations	Minor reservations on the submitted response and/or insufficient evidence to support the response.
2	Major Reservations	Major reservations on the submitted response and/or insufficient evidence to support the response.

0	Unacceptable	No answer submitted or the proposal is totally inadequate.
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The Scoring Matrix in Section 9 shows the individual marks that each Tenderer received for the different questions. It is worth highlighting that Mulalley received a score of zero for question 3.1 relating to their programme. This is the case because they submitted an 80 week programme which does not comply with the requirements set out in the Tender Documentation.

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8.0 INTERVIEW

Interviews are due to take place on the 7th March 2014. Each tenderer will bring a team of three to the meeting and the score received at the interview will represent 5% of the overall score.

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9.0 OVERALL SCORING AND ASSESSMENT

Please see appendix C for the scoring matrices. Please note that at this stage the scoring has not been completed and we are awaiting receipt of scores from the residents. The interviews are yet to take place and this could also have an effect on the overall scores.

The summary scores are shown below. As you can see, at the moment, Rydon achieved the highest score in all aspects of the evaluation and therefore are ranked first.

	Rydon	Mulalley	Durkan
Tendered Sum	£9,249,294.00	£10,426,414.00	£9,940,928.00
Adjusted Tendered Sum	£9,249,294.00	£10,480,602.00	£9,940,928.00
Alternative Price	£20,217.00	£307,066.00	£146,270.65
Tender Price (34%)	34.00	30.01	31.63
Alternative Price (6%)	6.00	0.40	0.83
Tender Quality (55%)	36.64	28.02	29.76
Interview (5%)	-	-	-
Weighted Score	76.64	58.42	62.23
Rank	1	3	2

Please note that Mulalley's Tendered Sum was adjusted upwards due to the fact that they had included the incorrect amount for the novated fees. A view was taken that it would be fair to allow them to adjust their tender price for this.

10.0 CONCLUSION

Prior to the interviews, and receiving a few scores, Rydon have submitted the most competitive tender price and the highest quality making it the most economically advantageous tender. It is worth noting, however, that some scores that are yet to be received could make a difference to the overall scores when the average scores are calculated.

With the interviews weighted at 5%, regardless of the interview scores Rydon will still have the most advantageous tender. However, we will still invite all tenderers to interview.

As the most attractive tender has come in over the client budget, we would like to ask for permission from the client to proceed with the value engineering exercise with Rydon who are the lowest tenderer. It is worth noting that the potential ECO fund has not been included in their tender sum and so this is likely to deliver a cost saving.



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Cost Management
Infrastructure & Project Finance
Building Surveying
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We operate throughout the UK and Ireland either from our office hubs in Hammersmith, Holborn, Leeds, Luton, Sevenoaks, Warrington and Dublin or working on site alongside clients as a core part of their team. For clients with international operations we offer a worldwide presence.

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