

New Gas Installer Registration Scheme Competition: Tender Evaluation

Introduction

1. The tender evaluation, including the allocation of marks and ways of working, was agreed as part of a Tender Evaluation Plan (Annex 1) and signed off by the TEB Chair before the tenders were opened.
2. The two bidders submitted their Best and Final Offers by Monday 19 May. Details of the documents that constituted the BaFO from each party are at Annex 2.
3. TEB members, having worked independently to arrive at scores and comments fed these to Procurement Unit on or before 28 May. The TEB met on 29 May under the independent Chairmanship of Rob Wright to review and finalise the composite scores. From the outset all TEB members had independently scored the Capita BaFO higher than CORGI's.
4. The TEB reviewed all of the scores and comments in the order of the spreadsheet starting with the Key Performance Indicators in order to arrive at an agreed TEB moderated score which was agreed by all attendees. A number of general issues were identified and agreed to ensure consistency in the scoring from the outset including:
 - Where a bidder made a conditional offer account would be taken of whether it did not meet, met or exceeded the proposed KPI.
 - In line with Appendix 4 of the Plan the strength of evidence would be assessed independently of the level of offer and so for example it would be possible to score well on evidence but less well on whether the KPI was met (e.g. Not meet the KPI and provide compelling evidence would score '3' as would a bid that exceeded the requirement but for which only adequate evidence was produced.)
5. Material not in the BaFO, including assertions made during clarification meetings, was ignored.
6. The TEB considered the situation where CORGI said that a KPI could not be met and assessed CORGI's reduced offering against the evidence it had put forward and scored accordingly (see Annex 3). Capita's bid, which included enhanced offerings was considered on the same basis.
7. The outcome of the moderation is at Annex 3 having been agreed by all TEB members.

Tender Evaluation Plan

Tender Evaluation Board Membership

Rob Wright (Independent Chair)
Avril Adams (Project Manager & Policy)
Dave Thomas (Financial)
Peter San [substituting for Steve Bailey] (Procurement)
Charles Horsefield (Operations)

Preparation for the TEB Discussion

Bidders have been instructed to submit their responses by 10am on Monday 19 May 2008 to Redgrave Court for the attention of Jim Williams and Rose Court for the attention of Avril Adams.

If they are received before this time/date they should be stored, unopened, in a secure location until both bids are received. A record should be made of the number of packages and when received.

On 19 May both responses should be opened in the presence of two members of staff. A record should be made of what the packages contain e.g. the number and description / type, and should be signed by both people. [The exact timing will depend upon the sign off of this document.]

The bidders have been instructed to submit their master copy to Redgrave Court and this will be stamped and signed by PU representatives and retained.

Par 37 of RBAFO details the number of copies to be received and para 46, page 13, a check list of what should be returned.

Once the packages have been opened in Rose Court, Avril will contact Pete by phone and they will check that the documentation received is identical e.g. number of sections, annexes financial models.

Once it is confirmed that the responses contain the same information the bids can be dispatched to the TEB and advisors.

The 6 copies in Rose Court will be distributed to: Avril Adams, Ian Greenwood, Steve Dobson, Chris Hales, Tara McNally and by courier to Steven Condie.

The copies in Redgrave Court will be distributed to: Pete San, Steve Bailey, Dave Thomas and Andy McGrory. Copies will be sent via recorded mail to Rob Wright and Charles Horesfield. An electronic version will be placed on TRIM.

The spread sheet at Appendix 1 should be completed by the TEB members to record their scores and comments. Key Performance Indicators will be evaluated by all members. The financials by Dave Thomas and Steve Bailey.

Documents Being Evaluated at the TEB Meeting 29 May 2008

The TEB will evaluate:

- (a) documents received in response to the invitation to make Best and Final Offers issued on 2 May 2008. This will include a Best and Final Offer document with the bidders' offerings on Key Performance Indicators and supporting financial models; and
- (b) final marked up amended versions of the bidders' original tenders, as amended in negotiation with HSE.

The TEB will also receive the output of the references and risk exercise undertaken by PU and the project team.

Evaluation Process and Marking Scheme

A summary plan of the evaluation process is set out in Appendix 2.

The marking scheme was discussed at the TEB on 15 May and at that meeting TEB members agreed their approach to scoring to ensure consistency.

The marking scheme is set out in Annex 3. This was substantially communicated to Bidders in the invitation to BaFO and subsequent clarifications.

Evaluators may seek further clarification of the BaFOs, through the PU, up to 22 May. These clarifications will be conveyed by the PU/Project Manager to the bidders for response by midday on 27 May. HSE should reserve the right (even after the evaluation) to seek further clarification up to the preferred bidder announcement.

Final Recommendation by TEB

TEB members will score the BaFO individually. They should send their score sheets and commentaries to the PU by midday on 28 May. The TEB will meet on 29 May to share their scores and, through a process of discussion, arrive at a moderated score for each element. These scores will be recorded by PU. If the TEB fails to agree a final score for any section of the KPIs, the financial elements or the risk and references element, the TEB Chair will take the final decision on the basis of the comments of the TEB. The outcome of the meeting will be a recommendation to go to the Project Board for the bidder that should be given preferred status, together with a set of documents that provide an audit trail of the way in which that recommendation has been reached.

TEB members will offer comments from their assessment of the BaFOs that will help inform feedback to both bidders. These comments will be collated by PU.

Evaluation Scoresheet

RAW SCORES
BIDDER:

Does not meet
Meets
Exceeds

Less than adequate
Adequate
Convincing
Compelling

KEY PERFORMANCE INDICATORS	EVIDENCE SPOT	Weight	Score	Product Value	% Of overall Score	[click on cell choose option]	COMMENT	[click on cell choose option]	COMMENT
<p>1. Gas consumer awareness of gas safety risks and the register At least 10% incremental annual increases in gas consumer awareness of gas safety risks and the need to get appliances installed and serviced by a registered installer. To be measured against a baseline survey to be undertaken during transition.</p>	Q6,24,27	4		0					
<p>2. Brand recognition Brand recognition to be established at at least 40% amongst gas consumers (unprompted) by the end of October 2009, rising to 60% or greater by October 2010, and 75% or greater by October 2011.</p>	- Q24,25	4		0					
<p>3. Gas consumer satisfaction with the</p>									

registration scheme	Gas consumer satisfaction with the operation of the scheme, as measured in a survey, should be 70% by the end of year one. Thereafter, there should be at least 5% annual incremental increases in satisfaction levels, as measured in repeat surveys against the baseline.	Q2,4,5,7,9,11,12,	6	0					
4. Gas installer satisfaction with the registration scheme	Gas installer satisfaction with the gas registration scheme to increase by 20% over the current levels of satisfaction, by the end of year one, reaching a level of at least 85% by the end of year 5. This will be measured against a baseline survey undertaken during transition and repeated annually.	Q2,3,7,8,9,16,17,18,19,20,21,28	6	0					
5. Stakeholder relationships with the registration scheme provider	Continuous improvement of relations with key stakeholder groups measured against a baseline survey undertaken during the first year of service delivery. Positive perceptions of the scheme provider and the scheme should increase by at least 5% annually, as measured in repeat surveys.	Q21,22,23,28	4	0					
6. Risk based approach to targeting inspection									

Increased effectiveness in targeting unsafe gas work found through risk based inspection. This will be measured through a 5% annual increase in the proportion of unsafe gas work found in targeted inspection (excluding consumer complaints) as compared to that found in random inspection. This will be measured from the end of year one with the baseline set during the first six months of operation.	Q3,8,12,	6		0					
---	----------	---	--	---	--	--	--	--	--

7. Reducing unsafe gas work Starting in year two, 5% incremental annual reduction in the amount of unsafe gas work[1] measured against a baseline developed during the first 6 months of service operation. The two measures will be: i. Reduction in the proportion of justified consumer complaints about gas installation work where safety defects are confirmed in inspection ii. Reduction in the proportion of unsafe gas work found through random inspection sampling (see below)	Q3,8,12	6		0					
--	---------	---	--	---	--	--	--	--	--

8. Advice and assistance to HSE and LAs	-								
--	---	--	--	--	--	--	--	--	--

Response to advice and assistance to HSE (and LAs) to be within agreed timelines and quality standards. Initially there are three measures: <ul style="list-style-type: none"> • Urgent requests to be responded to appropriately within one hour; • Requests for on-site assistance in connection with serious incident investigation to be provided at an appropriate level within 24 hours; • Non-urgent requests for information to be dealt with to the standard required by HSE within five working days. <p>Further measures will be determined in advance of service commencement.</p>	Q30,31	4		0					
---	--------	---	--	---	--	--	--	--	--

TOTAL				0		0			
--------------	--	--	--	---	--	---	--	--	--

FINANCE

1. TOTAL COST TO INDUSTRY					30				
Total Cost to the Industry			22						
Cost to Sole Traders			2						
Cost to Small Businesses	Q52,54,61,		2						
Cost to Medium Size Businesses	63,64,79,2		2						
Cost to Large Businesses	4,39,44,47,80,85,87		2						

2. ACCEPTANCE OF FINANCIAL RISK					10				
Acceptance of Volume Risk	Q56,66,80,		6						
Financial Risk in Service Credit Mechanism	84		2						

Acceptance of Inflation Risk			2						
------------------------------	--	--	---	--	--	--	--	--	--

3. PROFIT SHARING AND FUNDING					8				
Profit Sharing Mechanism contribution to [Improvement Fund]**	Q62,67,68,		4						
Direct contribution to [Improvement Fund]**	41,81		4						

4. ANCILLARY									
Daily Rates for Ancillary Work	Q75,82,83		2		2				

TOTAL					50				
--------------	--	--	--	--	----	--	--	--	--

REFERENCES									
-------------------	--	--	--	--	--	--	--	--	--

RISK									
-------------	--	--	--	--	--	--	--	--	--

GRAND TOTAL					50				
--------------------	--	--	--	--	----	--	--	--	--

Appendix 2

No	Step	When	What	Who involved	How decision taken	Moderation	Comments
1	BaFO issued	2 May 2008	Circulated separate documents to Corgi and Capita	Circulated by HSE Single Point of Contact (Pete San)	Part of plan	N/A	
2	BaFO Clarifications	By 12 May 2008	Clarifications circulated to CORGI and Capita in response to their individual queries plus replies to common queries from the other bidder	Circulated by HSE Single Point of Contact (Pete San)	As for ITT	Avril as project officer	
3	Evaluation Criteria (EC) refined		See Annex 3	Project Team produced draft			
4	Application of EC agreed by TEB	15 May	See step 3	TEB	In discussion		
5	Receipt of BaFOs	19 May	BaFO circulated by PU that day	PU	Part of plan		
6	TEB members read and score BaFOs against EC	19-27 May	TEB members to individually score BaFOs according to evaluation criteria. Scores to be returned to PU by close 27 May	TEB	Part of plan		
7	Clarifications	22-27 May	TEB members to raise BaFO clarifications to be answered by Bidders	PU	Part of plan		
8	TEB meets	29 May	TEB meets, discusses individual scores and agrees recommendation of preferred bidder and provide comments for purposes of feedback to Bidders	TEB	In discussion	TEB Chair	
9	Project Board meets	30 May	PB considers TEB recommendation and agrees proposal for HSE Board	PB	In discussion		

No	Step	When	What	Who involved	How decision taken	Moderation	Comments
10	HSE Board meets	18 June	HSE decides on preferred bidder	HSE Board advised by TEB Chair and Project Team Leader	In discussion	N/A	

Contract Award Criteria

1. HSE set out in clarification [Addendum 3 dated 21 February (ref 8)] that Participants invited to submit a BaFO would have their submissions evaluated on the basis of offering best value for money, i.e. that the overall service offered in terms of quality and innovation and overall benefits to gas consumers, and the cost of that offering (as long as it meets the overall cost criterion), will be given equal weighting.

2. We have further made clear to bidders at the RBaFO stage that HSE would use the following criteria in evaluating the BAFOs:

- Finance 50%
- Key Performance Indicators 40%
- References and Risk 10%

Finance (50%)

3. The 11 financial aspect measurements as notified to bidders are converted back to account for 50% of the overall score. – see Finance Evaluation Table below

Cost To Industry 30%

This is allocated as follows

- a) Cost to Industry 22%
- b) Cost to Sole Traders 2%
- c) Cost to Small Businesses 2%
- d) Cost to Medium Size Businesses 2%
- e) Cost to Large Businesses 2%

a) Cost to Industry

Cost is taken as the modelled costs that Business will incur as a result of them being registered over the term of the contract. The evaluation will be made against the 5 year base model prescribed in the RBaFO. The RBaFO also required models for 7 and 10 years plus any other term that the Bidder might wish to propose and a further model based upon the Bidder's view of a realistic percentage volume growth. These additional models will also be evaluated to inform TEBs understanding of the impact that changing volumes might have on the cost to industry and to inform any recommendation related to the proposed term of the Agreement. A term longer than 5 years will only be considered if it offers significant benefit to stakeholders over and above those offered under a 5 year agreement.

The evaluation will be undertaken against the following model.

Lowest Bidder cost will score 22 adjusted for an assessment of how convincing the supporting evidence is.

The % difference between the lowest bid and the other bid will be established. This should be as a %age of the lowest bid. The other bidders score will be calculated with reference to the table below.

The financial work stream will provide TEB with a summary of the key sensitivities and assumptions in the financial model. TEB will consider this detail in the light of the overall proposal and agree the moderated scoring based on the evidence.

	Compelling Score	Less than Adequate Score
Lowest	22	11
1.5% above Low	21	10
3.0% above Low	20	10
4.5% above Low	19	9
6.0% above Low	18	9
7.5% above Low	17	8
9.0% above Low	16	8
10.5% above Low	15	7
12.0% above Low	14	7
13.5% above Low	13	6
15.0% above Low	12	6
16.5% above Low	11	5
18.0% above Low	10	5
19.5% above Low	9	4
21.0% above Low	8	4
22.5% above Low	7	3
24.0% above Low	6	3
25.5% above Low	5	2
27.0% above Low	4	2
28.5% above Low	3	1
30.0% above Low	2	1
31.5% above Low	1	0
33.0% above Low	0	0

b) to d) inclusive

This measure was included to recognise HSE's requirement that the cost to Businesses in the first two years of the new scheme should be less than or at least equal to the current costs, recognising that the impact of a new scheme may not affect different sized businesses in the same way. On this basis it is proposed to evaluate four different sizes of business for the first two years of the term only.

Evaluation scoring will be allocated as follows:

Lower Both Years = 2

Higher Both Years = 0

Lower one year higher the other = 0

Lower one year, same as current another year = 1

Same as current both years = 1

Same as current one year, higher the other year = 0

Acceptance of Financial Risk 10%

- a) Acceptance of Volume Risk (6%) – see comments below

Q80b(ii) of the RBafo.

The volume of registrations etc is subject to external influences such as general health of the economy. This measure recognises a Bidder's willingness to absorb volume reductions (an increase in volumes is dealt with under profit share).

The extent to which the Bidder accepts risks to the financial model associated with reductions in registration volume changes.

No risk accepted = 0

1% to 4.9% risk accepted = 1

5 % to 9.9% risk accepted = 2

10% to 14.9% risk accepted = 3

15% to 19.9% risk accepted = 4

20% to 24.9% risk accepted = 5

25% and over risk accepted = 6

- b) Financial Risk In Service Credit Mechanism (2%)

The amount the Bidder is willing to put at risk to fund Service Credit under achievement. (Clause 31.2.2 of the Services Concession Agreement)

Highest amount (£) offered = 2

Amount within 10% of the highest amount offered = 2

Amount within 10% and 20% of the highest amount offered = 1

Amount greater than 20% lower than the highest amount offered = 0

e.g. Where highest amount offered by Bidder A offers a cap of £500,000.00 and Bidder B offers £400,000.

Bidder A has offered the highest amount and scores 2. Bidder B has offered 20% less than Bidder A and therefore scores 1.

- c) Acceptance of Inflation Risk (2%) – see additional text below

The extent to which the Bidder does not index link his costs (i.e. potentially the Bidder could index link all of his costs. This measure applies where the Bidder proposes to index link less than 100% of his costs)

Under 5% of cost base not index linked = 0

Over 5% but under 10% of cost base not index linked = 1

Over 10% of cost base not index linked = 2

New Gas Installation Scheme Competition
Evaluation Plan

Profit Sharing and Funds to [Improvement Fund] Resulting From Provision of The Services 8%

- a) Profit Sharing Mechanism contribution to [Improvement Fund] (4%). This is the threshold at which profit sharing takes effect.

(i). AVERAGE PROFIT FROM SCHEME	SCORE
Up to 7.5%	2
7.5% to 15.0%	1
Over 15.0%	0

(ii). AVERAGE % OF PROFIT SHARE , FOR PROFITS ABOVE EXPECTED PROFIT, INTO IMPROVEMENT FUND	SCORE
+ 50% and over	2
+ 25% to 49%	1
Up to 25 %	0

- b) Average Annual Direct Contribution to Improvement Fund (4%)

Above £1m = 4
£500k to £1m = 2
Below £500k = 0

Ancillary Work 2%

- a) Daily Rates for Ancillary Work

The evaluation will take account of value for money offered by the Bidders for Ancillary work to be undertaken where value for money is a combination of the competency of staff offered (qualifications and experience) and the day rate of the staff offered.

Evaluation scoring will be allocated as follows:
Competent staff and lowest rates = 2
Competent Staff and highest rates = 0
Inadequate Information = 0

Where a bidder's staff competency is considered inadequate, this will be addressed as a clarification to the BaFO.

Note Competence means: qualifications, experience, and qualities appropriate to their duties (Source Hazards Forum)

New Gas Installation Scheme Competition
Evaluation Plan

Finance Evaluation

Measure			Total Weighting
1	Cost to Industry*		30
	Total Cost to the Industry	22	
	Cost to Sole Traders	2	
	Cost to Small Businesses	2	
	Cost to Medium Size Businesses	2	
	Cost to Large Businesses	2	
2	Acceptance of Financial Risk		10
	Acceptance of Volume Risk	6	
	Financial Risk in Service Credit Mechanism	2	
	Acceptance of Inflation Risk	2	
3	Profit Sharing and Funds to [Improvement Fund] Resulting From Provision of The Services		8
	Profit Sharing Mechanism contribution to [Improvement Fund]**	4	
	Direct contribution to [Improvement Fund]**	4	
4	Ancillary Work		2
	Daily Rates for Ancillary Work	2	
		Total	50

* This will consider operational volumes and intervention techniques with appropriate supporting evidence.

**Note the proposed [Improvement Fund] may be used to reduce concession charges, promote gas safety or fund other initiatives as judged appropriate through a management process to be agreed with the Preferred Bidder prior to Contract Award.

Key Performance Indicators (40%)

4. Annex B of the RBaFO has already set out the very strong link between the Key Performance Indicators now being proposed and the questions asked in the ITT. This has been amplified in clarification of the BaFO to both parties.:

“As we advised during the ITT Clarification stage, your operational solution had to be acceptable to HSE in order for you to be invited to submit your BaFO. In order for HSE to accept your operational solution, including any innovations that you are offering to introduce, you had to respond at least "adequately" to a series of questions set in the ITT and developed through the clarification process.

As explained in the RBaFO, the responses received to these questions have led to HSE developing a number of KPIs and associated targets which it considers will be challenging but achievable to both remaining Bidders. Clearly it is up to each Bidder how they respond to these targets but each Bidder's confidence in it's own operational solution will no doubt determine the extent to which it decides it can meet or improve on the targets proposed both initially and during the contract term. From an evaluation perspective a higher confidence in the operational solution (and hence higher KPI target offering) will potentially lead to a higher evaluation score.

However, HSE will also be looking very closely at the evidence base Bidders provide / have provided to support their confidence in the operational solution offered (the response to the questions). This evidence will allow HSE evaluators to consider how achievable they consider the KPI targets offered to be. From an evaluation perspective it is the case that "compelling" evidence will score more highly than "convincing" which in turn will score more highly than "adequate etc".

I trust that the above explanation clearly shows the importance of the Bidder's operational solution for the BaFO evaluation and that a Higher KPI target proposal will not in isolation lead to a higher evaluation score.”

5. The TEB will need to take the evidence in support of the KPI commitments offered by the bidders (as captured in the marked up amended versions of the tender documents) fully into account when undertaking their individual evaluations. In evaluating BaFOs Evaluators will need to carefully read each of the final service offering relating to the relevant KPI and weigh the evidence as a whole in arriving at their final score. This should be carefully recorded so that any moderation can be clearly informed by the evidence that individual Evaluators have taken into account or discounted.

6. The following scale will be allocated to each of the KPIs (Appendix 4 illustrates these options further):

Score	Descriptor
0	Does not meet the expected minimum performance level and there is less than adequate evidence to support it
1	Does not meet the expected minimum performance level but there is adequate evidence that what is proposed can be delivered; OR Meets the expected minimum performance level but there is less than adequate evidence to support it
2	Does not meet the expected minimum performance level but provides convincing (strong) evidence to support it; OR Meets the expected minimum performance level and there is adequate evidence to support it; OR Exceeds the expected minimum performance level but there is less than adequate evidence to support it
3	Does not meet the expected minimum performance level but provides compelling (very strong) evidence to support it; OR Meets the expected minimum performance level and there is convincing (strong) evidence to support it; OR Exceeds the expected minimum performance level and there is adequate evidence to support it
4	Meets the expected minimum performance level and there is compelling (very strong) evidence to support it; OR Exceeds the expected minimum performance level and there is convincing (strong) evidence to support it
5	Exceeds the expected minimum performance level and there is compelling (very strong) evidence to support it.

7. KPIs 1,2,5 and 8 will carry a weighting of 4 and KPIs 3,4,6 and 7 carry a weighting of 6 and so the way HSE will derive the 40% KPI contribution to the overall score is illustrated in the following table:

KPI	Weight	Score (0-5) Example	Product (weight x Score)
1	4	5	20
2	4	5	20
3	6	5	30
4	6	5	30
5	4	5	20
6	6	5	30
7	6	5	30
8	4	5	20
Total			200
Contribution to proportion of overall evaluation score (Product / 5)			40

References and Risk (10%)

8. References and risk will carry the same proportions (5%) of the total score. The evaluation will involve HSE taking up references from Participants' referees as indicated in their PQQs and assessing these references either by site visits or other communications with referees. We will be evaluating the evidence from referees on the following basis:

Score	Descriptor
0%	No evidence to support the bidder's application by reference to a range of work of a broadly similar type and nature
1%	Limited evidence to support the bidder's application by reference to a range of work of a broadly similar type and nature
2%	Some evidence to support the bidder's application by reference to a range of work of a broadly similar type and nature
3%	Adequate evidence to support the bidder's application by reference to a range of work of a broadly similar type and nature
4%	strong evidence to support the bidder's application by reference to a range of work of a broadly similar type and nature
5%	Compelling evidence to support the bidder's application by reference to a range of work of a broadly similar type and nature

9. What HSE means by evaluation of risk in this context is that referees can provide evidence that Participants have a strong track record of identifying business commercial and operational risks and routinely have in place procedures to identify manage and reduce these risks to an acceptable level. We will be seeking evidence that referees to this effect. A score of (5%) will be awarded where there is wholly compelling evidence to support the bidder's ability to identify and successfully manage business risks; 4% where there is strong evidence to support the bidder's ability to identify and successfully manage business risks; (3%) where there is adequate evidence to support the bidder's ability to identify and successfully manage business risks; (2%) where there is some evidence; (1%); limited evidence; or no evidence (0%).

Assessment of KPIs

Level	Evidence			
	Less than adequate	Adequate	Convincing (Strong)	Compelling (Very Strong)
Exceed	2	3	4	5
Meet	1	2	3	4
Not Meet	0	1	2	3

Details of the BaFO from each party

	Issued by HSE	Capita Response	Corgi Response
Documents			
Request for marked up ITT	24 April 2008	30 April 2008 (2008/165543 Non Financials+ 2008/165539 Financials)	30 April 2008 (2008/167946)
Additional submission			9 May 2008 (2008/213988)
RBAFO	2 May 2008	16 May 2008 (2008/207566)	19 May 2008 (2008/209457)
RBAFO Clarification		Service Credits (2008/214057) Financials (2008/214037) General (2008/214041)	General (2008/214008)

Tender Evaluation Outcome

	Capita Weighted Score ¹	COMMENT	CORGI Weighted Score	COMMENT
KEY PERFORMANCE INDICATORS				
<p>1. Gas consumer awareness of gas safety risks and the register</p> <p>At least 10% incremental annual increases in gas consumer awareness of gas safety risks and the need to get appliances installed and serviced by a registered installer. To be measured against a baseline survey to be undertaken during transition.</p>	3.2	Exceeded KPI requirement, evidence convincing (16). Positive ideas on segmentation. Modern approach capitalising on the new registration scheme to produce procedural and behavioural change. Good ideas on delivery.	2.4	CORGI offered to exceed the target, but subject to conditions, adequate evidence (12). Could only be accepted as "meeting" the requirement. Convincing evidence in the revised bid of their ability to deliver at that level. Some concerns as to the effectiveness of the distinction between CORGI as an entity and CORGI as a gas safety concept.
<p>2. Brand recognition</p> <p>Brand recognition to be established at at least 40% amongst gas consumers (unprompted) by the end of October 2009, rising to 60% or greater by October 2010, and 75% or greater by October 2011.</p>	2.4	Met the KPI requirement, evidence convincing (12). Positive emphasis on value of engaging stakeholders in delivering the brand. Engagement of a strong, experienced sub-contractor with experience in similar tasks. Some reservations about other brand examples but overall a strong bid. Brand health check is a positive move.	0.8	Offer well short of KPI requirement, adequate evidence (4). Good that CORGI have taken on board a branding partner but doubts about the experience of that partner in the light of the challenge to be met by the new brand (the evidence provided indicates that CORGI's proposed partner has very limited experience. Additionally the partner's experience is not in areas similar to the task. The language of the BAFO proposal suggests continuing confusion in CORGI's mind between CORGI and HSE's intentions of a new gas safety brand. The evidence offered by CORGI in support of its comment that the KPI targets were not achievable was inadequate. Financial allocation for brand development unlikely to be sufficient to meet even the low targets they suggested.

	Capita Weighted Score ¹	COMMENT	CORGI Weighted Score	COMMENT
<p>3. Gas consumer satisfaction with the registration scheme</p> <p>Gas consumer satisfaction with the operation of the scheme, as measured in a survey, should be 70% by the end of year one. Thereafter, there should be at least 5% annual incremental increases in satisfaction levels, as measured in repeat surveys against the baseline.</p>	4.8	Exceeded KPI requirement, evidence convincing (24). A well thought through bid which addresses the consumer's engagement with the registration scheme in the round i.e. not just about the contact centre. Good use of data for improving procedures. Strong customer orientation.	3.6	Exceeded KPI requirement, adequate evidence (18). Good material in the ITT bid underpinning a good set of sub-KPIs. Innovative proposals on a rectification fund. But BaFO generally rather narrowly focused on the contact centre, and weaker on proposals in relation to wider consumer issues.
<p>4. Gas installer satisfaction with the registration scheme</p> <p>Gas installer satisfaction with the gas registration scheme to increase by 20% over the current levels of satisfaction, by the end of year one, reaching a level of at least 85% by the end of year 5. This will be measured against a baseline survey undertaken during transition and repeated annually.</p>	4.8	Exceeded the KPI requirement evidence convincing (24). Positive use of pilots. Proactive approach to making the scheme of benefit to installers. Good ideas on new ways of running the scheme with an installer focus. A strong bid.	1.2	Significant underbid against the KPI requirement, adequate evidence (6). Significant concerns about CORGI's commitment to change installers' perceptions of the scheme. Bid accepts as inevitable installers' lack of satisfaction. Some interesting new ideas (eg in the use of the web to generate installers' paperwork) but not more than adequate evidence of their ability to deliver the low target they have set themselves.
<p>5. Stakeholder relationships with the registration scheme provider</p> <p>Continuous improvement of relations with key stakeholder groups measured against a baseline survey undertaken during the first year of service delivery. Positive perceptions of the scheme provider and the scheme should increase by at least 5% annually, as measured in repeat surveys.</p>	4	Exceeded the KPI requirement, evidence compelling (20). Good plans for achieving continuous improvement of relations with key stakeholder groups measured against a baseline survey to be undertaken before the commencement of the service. While this is a departure from the original requirement it was considered that the Capita proposal would deliver a more accurate and timely picture of the improvement achieved over the current position. Resources of director and	2.4	Offered more than the KPI requirement, but on a conditional basis. Could only be regarded at best, therefore, as "meeting" the requirement. Convincing evidence (12). Good range of measures, such as the promotion of gas safety, stakeholder alliances, events and forums proposed in the ITT bid and BaFO which would seem likely to deliver the requirement (but no evidence of the sort of step change in relationship management that would be necessary if they were to exceed it).

	Capita Weighted Score ¹	COMMENT	CORGI Weighted Score	COMMENT
		team identified and areas of responsibility clearly allocated. Pro active approach to making the scheme of benefit to installers.		

6. Risk based approach to targeting inspection Increased effectiveness in targeting unsafe gas work found through risk based inspection. This will be measured through a 5% annual increase in the proportion of unsafe gas work found in targeted inspection (excluding consumer complaints) as compared to that found in random inspection. This will be measured from the end of year one with the baseline set during the first six months of operation.	3.6	Exceeded the KPI requirement, evidence adequate (18). Good work already in place on a risk engine which draws on multiple sources and uses feedback loops to ensure it develops in accuracy and value over time. Good proposal for ensuring accountability for the model. Some evidence of Capita's experience in this field in other contexts. But untried. More confident if they had committed to using and developing the model during the transition phase.	2.4	Bid exceeded the requirement unconditionally, less than adequate evidence (12). Positive in that CORGI has indicated that they are willing to continue their move from "standard" inspections based on self selected work by a random sample of installers to targeted inspections. But little if any evidence to give confidence in CORGI's ability to perform against the target they have offered. Continuing significant doubts about the continued reliance on GWN which is known to be only partial. CORGI's proposition that GWN would increase to 85% over 5 years in the ITT seems to severely question given their intention now to continue to charge for GWNs. Appreciate the role of local inspectors but CORGI have not provided a substantive risk model - other than one based on completed inspections - either centrally or for inspectors. No evidence that CORGI has experience of running such a model.
--	-----	--	-----	--

7. Reducing unsafe gas work	3.6	Bid meets KPI requirement, evidence	2.4	Bid exceeds the KPI target., less than
------------------------------------	-----	-------------------------------------	-----	--

	Capita Weighted Score ¹	COMMENT	CORGI Weighted Score	COMMENT
<p><u>Starting in year two, 5% incremental annual reduction in the amount of unsafe gas work[1] measured against a baseline developed during the first 6 months of service operation. The two measures will be:</u></p> <p>i. Reduction in the proportion of justified consumer complaints about gas installation work where safety defects are confirmed in inspection</p> <p>ii. Reduction in the proportion of unsafe gas work found through random inspection sampling (see below)</p>		convincing (18). A very sensible holistic approach which displays real innovation and makes good use of the risk model.		adequate evidence overall (12). Some good evidence in the ITT of their approach to illegal installers. BaFO based again on the very underdeveloped risk model fails to convince. Disappointing that CORGI has not produced solid evidence (despite asking) to support claims in their bid of the high proportion of illegal gas work that they claim is unsafe. BaFO response does not explain how GWN based approach will increase the amount of safe gas work.

<p>8. Advice and assistance to HSE and LAs Response to advice and assistance to HSE (and LAs) to be within agreed timelines and quality standards. Initially there are three measures:• Urgent requests to be responded to appropriately within one hour;• Requests for on-site assistance in connection with serious incident investigation to be provided at an appropriate level within 24 hours; • Non-urgent requests for information to be dealt with to the standard required by HSE within five working days.</p> <p>Further measures will be determined in advance of service commencement.</p>	3.2	Bid (marginally) exceeds the KPI requirement evidence convincing (16). A well thought through response that rightly recognises shared responsibilities with HSE and provides clear lines of accountability.	3.2	Bid (marginally) exceeds the KPI requirement, convincing evidence (16). CORGI clearly has the capability to deliver based on past experience and their clear commitment in the BaFO. Strong contract management arrangements and commitment to regular liaison.
---	-----	---	-----	---

	Capita Weighted Score ¹	COMMENT	CORGI Weighted Score	COMMENT
--	------------------------------------	---------	----------------------	---------

Note 1 The scoring system is set out in Annex 1. Each KPI could score up to a maximum of 5 points. Weightings of 4 or 6 had been previously agreed and so the product of these two was the score actually awarded by the TEB. This is shown alongside the comments for each bidder. The maximum score would be 200 points. Because the KPIs contribute 40% of the overall total the TEB scores have been deflated by a factor of 5 (200/40) to show their contribution to the overall total e.g. 16/5 = 3.2.

TOTAL	29.6	[TEB Score 148]	18.4	[TEB Score 92]
-------	------	-----------------	------	----------------

FINANCE (See comments on Finance Evaluation below)

1. TOTAL COST TO INDUSTRY				
Total Cost to the Industry Note 1	22		10	
Cost to Sole Traders Note 2	2		1	
Cost to Small Businesses Note 2	2		1	
Cost to Medium Size Businesses Note 2	2		1	
Cost to Large Businesses note 2	2		1	

2. ACCEPTANCE OF FINANCIAL RISK				
Acceptance of Volume Risk	3		1	
Financial Risk in Service Credit Mechanism Note 3	0		2	
Acceptance of Inflation Risk	1		0	

3. PROFIT SHARING AND FUNDING				
Profit Sharing Mechanism contribution to [Improvement Fund]**	3		4	

	Capita Weighted Score ¹	COMMENT	CORGI Weighted Score	COMMENT
Direct contribution to [Improvement Fund]**	0		2	

4. ANCILLARY				
Daily Rates for Ancillary Work	0		2	

note 1: this is the most generous (to CORGI) interpretation of CORGI's bid which, at the 5 year point identifies a total of £3.9m worth of savings it would need to achieve to remain within the requirement to reduce costs to industry progressively, without identifying any means of delivering those savings. It has been assumed that Corgi will be able to introduce these savings without affecting its ability to meet its KPI commitments and while maintaining service levels to consumers, installers and the wider industry. The figures included in the evaluation table are based on Capita's model and CORGI's fixed volume model (17.8% difference). If CORGI's growth model is considered the the % difference to Capita's model is that CORGI's model is 27.6% higher which reduces CORGI's evaluation score for Total Cost to Industry to 2 (from 10). This would reduce CORGI's total evaluation score from 49.4 to 41.4.

note 2: This assumes that the proposed increase in gas work notifications to 85% of all included gas work will be cost neutral to installers. This is feasible if a sufficient number of installers move to internet-based reporting. However, CORGI did not indicate whether they considered the increase in the amount of gas work notified would increase or decrease costs to installers.

note 3: this is the most generous (to CORGI) interpretation of the bids. In practice, Capita puts at risk 10% (approx £1.5m) of revenues every year. CORGI puts at risk some £2m of the Corgi Group reserves but, if drawn upon, this pot will decline over time.

TOTAL	37		25	
REFERENCES	3	Adequate evidence to support the bidder's ability to identify and successfully manage business risks	3	Adequate evidence to support the bidder's ability to identify and successfully manage business risks
RISK	3	Adequate evidence to support the bidder's ability to identify and successfully manage business risks	3	Adequate evidence to support the bidder's ability to identify and successfully manage business risks
GRAND TOTAL	72.6		49.4	

Financial Evaluation Summary

Summary Cost to Industry

Over 5 years at fixed volumes:

Capita	£74.5m
CORGI	£87.7m
Difference	£13.2m
	17.8%

Over 5 years with 2% growth:

CAPITA	£74.5m
CORGI	£95.0m
Difference	£20.5m
	27.6%

Capita BAFO

Modelled four terms:

- 5 year term;
- 5 years plus option for 2;
- 5 years plus 2 plus 3;
- 10 year term;
- Capita propose an alternative 10 year term but HSE has explicit ability to terminate without cause at any time after 5 years but with recovery of up-front costs between £5m and £1.2m depending on when terminated.

Modelled a 2% per annum growth within operative numbers – Capita are prepared to take the risk on and guarantee charges as quoted whether volume increases or not. They are also taking the risk on method of renewal and planned efficiencies. Therefore cost to industry for no growth and 2% growth are the same (would reduce profit under no growth option to maintain fees).

Charges reduce across the years especially web renewals and cost of registration.

- 5 year offers £13.9m saving on inflated current CORGI charges;
- 5 plus 2 offers £21.7m saving;
- 5 plus 2 plus 3 offers £33.9m saving;
- 10 year option offers £43.9m saving (additional £10m renew web £117 compared to £137 in Option 3).

Capita's proposal means there is no real benefit of 5 plus 2 or 5 plus 2 plus 3. Further competition of the concession after 5 years would drive out more efficiencies than option 2 or 3. HSE would not accept the liability of Capita start up costs in a 10 year contract and it is unlikely these costs would be passed to any future bidder.

Main Risk/Issues:

- If CORGI undertake renewals for 09/10 there would be an additional maximum net £400k cost which would need to be recovered over the term. This wouldn't affect the overall evaluation position of the bidder;
- Capita have highlighted the finalisation of TUPE list and validation of volumes as the two issues which could impact on the cost model. Capita have guaranteed that charges would not increase by more than 2.5% as a result of due diligence if either of these issues lead to higher than expected cost. Again if incurred such an increase would not adversely impact the overall result of the evaluation;
- Concerns about installers not re-registering due to change – mitigated by Capita communications etc;

NB even of the above risks eventuate the cost of the Capita bid is still less than the CORGI bid.

CORGI BAFO

Modelled the assumptions requested plus a growth model which averages approx 2.2% growth based on recent trends.

The model still includes a volume variance linked to the number of operatives to deal with volume increases/decreases. It also includes charging for Gas Work Notification (GWN) but includes a lower rate for GWN over the net. The number of GWNs grows for year 1 to 5 and then is straight-lined.

The fund available for the rectification fund has been reduced to £55k in year 1 and to £44k per year from year 2. This introduces a risk to their financial model in that if the scheme would either have to be curtailed / suspended or additional funding would have to be allocated (source not identified). This could lead to increased registration charges.

CORGI's proposal can only maintain rates to industry at the same or less in years 1 and 2 (as requested) with some growth. The no growth model has a line which reduces cost by £3.9m across the 5 years but has yet to identify where these savings would be made (the BAFO suggests this would be discussed with HSE). There are no guarantees of achieving the fees and they suggest service would be adversely impacted (the impact being that to maintain the level of services they would have to increase fees.)

CORGI Reserves of £7.4m are available for Parent Co. Guarantee and service credits. If £5.3m is required for PCG this leaves £2.1m for service credits in Year 1. This introduces a risk that if the £2.1m (or part) is used in Year 1, then there would be a reduced amount (possibly nothing) for subsequent years unless funds could be found from another source. The implication is that fees might have to increase to cover the CORGI performance risks which would mean that installers could be funding Service Credits if CORGI were failing to achieve agreed targets.

