

PRICING PROPOSAL SUPPORTING GUIDANCE FOR COMMUNITY TASK FORCE PHASE 2 (CTF2)

1. **Completing the pricing proposal documentation**
 - 1.1 You are required to complete the pricing proposal documentation and supporting assumptions electronically using the attached model. The electronic copy should be submitted to the Bravo Solutions e-tendering system via the DWP Portal.
 - 1.2 Due to the relatively short timescale between the PQQ and ItT stages of this procurement exercise we do not require you to resubmit all of your financial information again. **We will only need copies of your latest actual annual accounts if these have changed from the ones submitted at PQQ stage (for example, if your accounts were previously in draft stage and have now been signed off). We do however need to see updated forecast current year management accounts and end of year forecasts, which should include a Profit and Loss account, Balance Sheet and Key notes to the Balance Sheet.**
 - 1.3 The spreadsheet comprises one summary sheet covering all 16 package areas and three input sheets for each individual package area. The input sheets consist of a Proposal sheet (PSx), an Assumptions sheet (ASx) and a Cashflow sheet (CSx), separately labelled by tabs at the foot of the page. To enable ease of input, all cells requiring your input are highlighted in yellow. You will need to provide a complete set of all three sheets for every package area you are bidding for.
 - 1.4 On the summary sheet you will need to enter the name of your organisation and the contract package areas you are bidding for.
 - 1.5 Within the Proposal sheet, titled 'PSx' where x is the package area, you will need to populate all sections with appropriate information and costs. **N.B. All costs should be input exclusive of VAT.** (see Section 2 below for further information)
 - 1.6 The Assumptions sheet is titled 'ASx' where x is the package area. All supporting information and detailed assumptions that you have made to arrive at the costs must be disclosed here. To help us understand how the figures input to Table A – Costs Breakdown have been arrived at, you should show the workings used in the calculations under the appropriate assumptions headings. To assist the evaluation process, these workings should be presented in a tabular format including formulae where applicable. There is no word or page limit within the assumptions sheets and you are encouraged to expand the pages accordingly to enable you to provide as much detail as possible in order to minimise the need to seek clarification.

- 1.7 The Cashflow sheet is titled 'CFx' where x is the package area. The cashflow relating to the classes of income and expenditure disclosed in Table A are included here. This information is used to calculate your working capital requirement. The key assumptions and any significant adjustments should be included in section 7a of the Assumptions sheet.
- 1.8 To open the file, click on the attachment, which should automatically open up the file. The form will need to be completed with your organisations' name.

2 Completing the Proposal sheet

- 2.1 The Proposal sheet is divided into five tables, A to E.
- 2.2 **Table A – Costs Breakdown.** This table allows you to input your costs broken down across four main categories:
- Staff Costs
 - Participant Costs
 - Accommodation Costs
 - Other Operating Costs
- 2.3 Each of these main categories is then split into further sub-categories to capture detailed costs. There are also further cost lines for Surplus/Profit and Risk Premium, which should be completed where applicable.
- 2.4 You should only include in table A those costs relevant to Communities Task Force for the Delivery Package Area to which the bid relates.
- 2.5 **NOTE: If there are any cost categories where you have nil costs a '0' (zero) should be entered into the relevant cell(s). This will indicate that the cost category has been considered and there are no costs associated with that cost category, rather than it being overlooked.**
- 2.6 Costs should be given separately for each sub-category for each year of the contract period. The two year total for each sub-category will be automatically calculated and will be shown in the 'total' column. The overall sub-total for each category for each year will also be automatically calculated as will the overall two-year subtotal for each category.
- 2.7 In dividing costs into categories and sub-categories, DWP does not intend to be prescriptive and it is up to bidders to include any and all additional costs they feel are relevant to a particular cost line, supported by detailed assumptions where appropriate, in the assumptions sheet. Similarly for any costs that do not readily fall within

the headings, these should be detailed in the “other” headings with appropriate supporting assumptions provided.

- 2.8 **Table B – Service Fee Bandings.** This table requires input of the unit cost you are offering for each of the service fee bands. The unit cost is based on a cost per start and must not be higher than the indicative unit cost provided.
- 2.9 The volume of starts varies significantly over the life of the project. The intention is to increase the service fee in periods where there is high activity, and consequently costs are high, and to reduce the service fee in periods where the activity and costs are low. To achieve this we are using a number of service fee bands and will calculate the fee payable based on the given volumes in the band and your unit cost
- 2.10 The first band is equivalent to 40% of the total contract price and expected volumes. This is the minimum level of service fee payable and is therefore guaranteed, regardless of the actual volume of starts in a given month. You will need to provide the unit cost for this band. This must not be higher than the indicative unit cost provided and will effectively become your baseline unit cost.
- 2.11 The two subsequent service fee bands are included for service fee payments above service fee band 1, but within the expected volume profile. There are two additional service fee bands, payable if volumes are in excess of the expected volume profile. You will need to provide a unit cost for each band. These unit costs must not be higher than the unit cost you have provided for the first band (i.e. your baseline unit cost.) Each subsequent band must be equal to or less than the preceding band. For example: the Band 2 unit cost must be equal to or less than your Band 1 unit cost. Band 3 unit cost must be equal to or less than Band 2 and so on. This is to reflect expected economies of scale as volumes of starts increase.
- 2.12 **Table C – Working Capital Requirements for first year.** This is self populating based on information you have input to the cashflow forecast. If the field is red this indicates a potential working capital requirement; if it is green there is potentially no working capital requirement.
- 2.13 Where there is a working capital requirement, you are asked to set out in Part 7 ‘Working Capital Requirements’ of the Assumptions sheet your proposals of how you intend to fund this requirement. We also require you to inform us of the amount of headroom above this working capital requirement. For example, if you require £1m to fund this programme, yet you have £10m of funding that has not been earmarked for other projects, we invite you to provide us with information to support the figure of £10m as this may present your bid in a stronger light.

- 2.14 When we are completing the ItT evaluation we will require written confirmation to support the ongoing availability of the value of working capital you have disclosed. For example, if your working capital is to be funded via credit facilities, we will require written confirmation of the finance facilities from your bank or if your working capital is to be financed by equity investment, we will require written confirmation of investment from your equity investors. This **MUST** be available and provided prior to contract award.
- 2.15 Where you have indicated that you are willing to provide a parent company guarantee, performance guarantee or performance bond, we will require these to be in place **before** progression to the preferred bidder stage.
- 2.16 DWP will assess, and take account of, provider capacity and capability as part of the evaluation process and the selection of preferred bidders. DWP may seek additional information to inform this assessment.
- 2.17 **Table D – Multi-Contract Discounts.** This section gathers information on price reductions you are prepared to offer if you tender for, and are awarded, more than one contract from this tendering exercise. Any price reductions offered will be taken as firm offers and will be pursued at the post tender stage.
- 2.18 **Table E – Declaration.** This should be signed and dated, and state the position of the signatory within the organisation, along with their contact telephone number and email address.

3 Completing the Assumptions sheet

- 3.1 The assumptions sheet is made up of nine sections, relating to each of the main areas of the provider costs sheet, namely:
- Staff Costs
 - Participant Costs
 - Accommodation Costs
 - Other Operating Costs
 - Surplus/Profit
 - Other Assumptions and Tolerances
- Plus
- Working Capital Requirements, and
 - Multiple Contract Price Reductions
 - Service Fee Bandings
- 3.2 The assumption sheets should be used to capture full details about the costs detailed within the provider costs sheet. They should also be used to detail any other information on your tender process that you

feel is necessary to enable the evaluation team to have a full and robust understanding of your tender price. As part of the evaluation process, the information provided in the assumptions sheet will be cross checked for consistency with the corresponding entries in the method statement. **Remember there is no word or page limit within the assumptions sheet and the space for assumptions should be expanded as required.**

- 3.3 The example below illustrates how the assumptions sheet can be used to capture full details about the costs detailed in the provider cost sheet. It shows how Staff travel and expenses are broken down within the Other Staff Costs heading and gives enough detail for the evaluation team to understand the cost associated with the specific area.

Staff travel & expenses	£X per month x 12 months (X journeys x X miles per journey x £0.40 per mile x X no of days x X no of staff)	=XXX.XX
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It is helpful if calculations and workings are presented in a tabular format, with formulae input to assist with the evaluation of your costs.

- 3.4 Section 1 on the assumptions tab includes two tables, one for primes and one for sub contractors to show their staff breakdowns.
- 3.5 The final three assumptions sections relate to Working Capital requirements, multiple contract price reductions and service fee bandings. The introductions to both of these sections provide an explanation of what they are to be used for and what input is required.

4 Completing the cashflow model

- 4.1 The cashflow model provides a breakdown of the cashflow relating to income and expenditure appearing in table A of the proposal sheet by month. This information is used to calculate the working capital requirement in table C of the proposal sheet.
- 4.2 The totals of each class of income and expenditure should agree to the total column in table A. Where there is capital expenditure, the capital expenditure should be included in the month it falls. Non-cash expenditure, such as depreciation, should be removed from the cashflow forecast. We have included an additional column to allow adjustments, such as the removal of the net book value of assets at the end of the programme. Details of the adjustments should be included in section 7a of the Assumptions sheet.

5 Good Practices

- 5.1 Where costs have been considered and there is no cost to be input to a cost line in Table A, “0” (zero) must be entered to indicate that the cost area has been considered.
- 5.2 Within the assumptions sheet there is no word or page limit. Providers are encouraged to expand the assumptions pages accordingly to enable them to provide as much detail as possible in order to minimise the need to seek clarification.
- 5.3 To aid understanding of the calculations and workings behind specific cost amounts they should be presented in a tabular format where possible, using formulae where applicable.
- 5.4 Table D asks for a declaration that costs are based on corporate information and that they have been approved by an authorised official.