

**Phase 2 Flexible New Deal
PQQ Q and A log – 22 July 2009**

Question Reference	Question	Answer	Area
PQQ001	On Q27 parts (a), (b) and (c) you ask providers to demonstrate a range of competencies through previous delivery. The response tables are structured to suggest that you are looking for examples in terms of single contracts (by asking for customer details and contract start / end dates). We would, however, like to draw reference to different contracts in the response for each part, as different examples can best demonstrate our different competencies in respect to different aspects of each question. Is the use of multiple contract examples acceptable in each part of Q27, or must we use a single contract example in each part (i.e. a, b and c)?	The use of multiple contract examples is acceptable in each part of Q27. However, bidders must be clear in their response e.g. stating whether contracts are Regional, National, multi-contract programmes etc. Suppliers should note that 'Customer Name', 'Customer Address', 'Contact Details', 'Contract Start' and 'End' details in part 27.a) and b) ARE NOT included in the 500 word limit.	Procurement
PQQ002	In the case of SPVs, is each SPV member allowed to complete a separate response to Q27 (i.e. 500 words each for a, b and c) or do SPVs need to identify the most appropriate example from across all SPV partners?	SPVs must provide a single composite response to Question 27 of 500 words in total for each of 27a, 27b and 27c.	Procurement
PQQ003	Paragraph 6.2 of the Instructions to Bidders asks bidders to identify any information they feel may be covered by the terms of the FoI Act. Where in the PQQ response should bidders identify such information? Would it be acceptable to address this in a covering letter?	Yes, it is acceptable to identify information that bidders consider to be covered by the FoI Act in a covering letter.	Procurement

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PQQ005	Please can you confirm approximately how many short listed bidders DWP anticipates at the ITT stage in (a) single provider CPAs and (b) dual provider CPAs?	The number of suppliers invited to submit tenders will vary depending upon the level of competition within each contract package area. Given the state of the market and the number of competitions DWP are currently running and will be running in the near future we need to ensure that we have sufficient number of bidders to maintain a competition up until contract award. A score of '1' or '2' in all sections will ensure your PQQ is taken through to tender stage. A score of '0' in any section will render your PQQ invalid and you will be removed from the competition.	Procurement
PQQ009	Please confirm that the Ts and Cs finalised for FND1 are the starting point for FND2.	Yes, they will be used as a starting point. However, we will continue to evolve and develop Ts and Cs, as appropriate, openly with suppliers.	Procurement
PQQ010	Could you tell me what organisations have submitted an expression of interest for Phase 2 of the Flexible New Deal Contract in the Olympic Host Boroughs and City of London?	Unfortunately we cannot reveal this information. We will however be publishing on the supplying DWP website a list of those organisations invited to tender for each contract package area. The timing of this is likely to be early September.	Procurement
PQQ011	What is the current state of play regarding the form for Prime and Sub-Contractor relationship standardisation?	This form is not currently available and sub contractors should make their own arrangements. However, when the standardised form has been produced we will make it available to suppliers.	Procurement
PQQ012	Referring to the Code of Conduct - what does the Department think that 'more teeth' will mean in the relationship between Primes and their sub-contractors?	Adherence to the DWP Code of Conduct is part of the Terms and Conditions all contractors will be required to agree to. Furthermore, DWP is developing the Merlin Standard to ensure that there is independent confirmation that the relationship between Primes and their sub-contractors is working successfully in line with the Code of Conduct. Further additional 'teeth' will also be available via an independent ombudsman facility, should such a service be required.	Procurement

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PQQ013	Does DWP welcome more involvement from 3rd Sector Suppliers?	Yes. DWP is keen to encourage 3rd Sector involvement either as Prime Contractors or as Sub Contractors. However, all bids are considered on the basis of individual merit not on legal status.	Procurement
PQQ015	Will DWP accept Tenders submitted electronically?	The strategy for tender submission is still being looked at. Final details will be included in the Instructions supplied with Invitations to Tender.	Procurement
PQQ017	Where a PQQ is being submitted by an SPV should there be one PQQ or one PQQ per partner?	There should be one response for Part A, Part B, Part C, Part E and Part F - although multiple examples are allowed where appropriate. Part D - Financial Capacity must be completed for each member of the SPV. Para 13 onwards refers - PQQ Instructions for Bidders.	Procurement
PQQ018	Q1 asks the organisation to indicate if it intends to subcontract part or all of the provision. We might decide to do different things in this respect in different regions. Can only one box be ticked? i.e. would 2 PQQs need to be submitted if we wanted to propose different solutions in different regions?	DWP require one PQQ per legal entity. Therefore where a supplier decides to bid as a Prime Contractor and as a member of an SPV DWP would require 2 PQQs. DWP acknowledge that a supplier submitting a PQQ as the legal entity may adapt their bidding strategy depending on the contract packages they are tendering for, i.e. tender to deliver all services required itself, tender to deliver some of the services and use third parties to deliver some services or tender to use third parties to deliver all services. We would ask that supplier's intentions are described clearly. DWP appreciate that at this stage of the competition suppliers may/will not have finalised their contracting strategy.	Procurement
PQQ020	If all or some members of an SPV have Momenta accreditation is there a requirement to have the SPV accredited?	Yes. If the SPV achieves preferred bidder status DWP would require that the SPV is accredited by Momenta.	Procurement
PQQ021	Q 27a to c is the intention that the text box contains information principally about the contract for which customer details have been provided?	The text box should contain information about the contract or contracts for which customer details have been provided.	Procurement

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PQQ022	Is it correct that as long as a score of 1 is achieved in questions 17, 27 and 28 the organisation will qualify to bid for any or all of the packages requested in part F?	Yes. A score of 1 or 2 in any or all sections will take the PQQ through to tender stage. A score of 0 in any or all sections will render the PQQ invalid.	Procurement
PQQ023	Would it be acceptable to put lone parents and JSA EZ contracts as a single contract in the description at the start of a single answer to 27a, b or c?	Since multiple examples are allowed it may be better to separate the information.	Procurement
PQQ024	Can DWP please clarify what is meant by the term 'Customer' in Q27a?	For Questions 27A, B, and C 'customer Name' refers to the Contracting Authority. In the narrative response to 27a the customers referred to here are the end users of the contract, which may or may not be the same as the Contracting Authority.	Procurement
PQQ025	Question 29 asks for the trading address. However, this is different to the main contact's address. Which would you like?	We would expect that the company details given are the details of the legal entity DWP would be contracting with. However, this may be different to the address of the main contact. Therefore you should ensure that you supply all details relevant to your PQQ.	Procurement
PQQ032	How do you propose to maximise competition? Does the timetable of current opportunities allow smaller contactors to step up to the position of Prime Contractor?	We are maximising competition at the PQQ stage by Evaluating the PQQ on a Pass/Fail basis. Those organisations successful at this stage will then be invited to inform us of where they wish to be invited to tender. Previous competitions have restricted where successful organisations are invited to tender.	Procurement
PQQ033	Can there be layers of sub-contracting?	Yes, there can be many layers of sub-contracting. DWP will not prescribe how bidders structure their supply chains.	Procurement
PQQ034	How can sub-contractors engage with prime contractors, what help will DWP provide to do this?	DWP are planning on holding events for sub-contractors in the Autumn, more information will follow on the web page	Procurement
PQQ037	What will the impact be of a surprise General Election for successful bidders? Will the procurement exercise have to re-start?	DWP are unable to speculate on exactly when election dates may be held. We will continue with the current plan and if there are any changes we will look at holding full and frank discussions with bidders involved at that	JSD

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		stage. Government of the day will make the final decision, but currently all political parties are signed up to FND.	
PQQ040	Can an organisation bid as part of more than one SPV?	Yes.	Procurement
PQQ042	As the PQQ appears to be limited by word count rather than page limit can you confirm that the use of appropriate diagrams and pictures is acceptable?	Apart from Q 9 - request for a one page chart illustrating ownership structure DWP request that all questions are answered in narrative form.	Procurement
PQQ043	Should a diagram (e.g. Flow Chart) contain words can you confirm that the words in the diagram do not count towards the word limit?	See above	Procurement
PQQ044	Could you please clarify what you mean by 'Is the Potential Supplier affiliated or associated with any other organisation that would be capable of tendering for these Services'? (Q10 refers).	This question was designed to give DWP information regarding co-dependencies between bidders. Bidders should indicate here if they are part of another bidding organisation, e.g. subsidiary/partner	Procurement
PQQ007	How will DWP rationalise the the importance of local area performance offers versus the most competitive tender submitted?	The evaluation strategy for the ItT has not yet been fully developed but clearly this will be an important consideration.	Procurement
PQQ030	Are you able to provide the timeline of when Merlin will be introduced?	This is a 2 year pilot beginning July 2009	Commissioning
PQQ031	Can you provide current local performance?	Performance data is published on the DWP website through the Tab tool (http://statistics.dwp.gov.uk/asd/tabtool.asp). New deal performance data is available to JCP district or parliamentary constituency level. EZ data is available for each individual EZ	JSD
PQQ041	The number of claimaints have been reducing in recent months – is this proof of the impact of summer jobs?	Seasonal employment is factored into the overall volumes. We are monitoring the impact of the reduced inflow as it doesn't necessarily mean that the off flows may fall by the same amount.	JSD
PQQ053	Q9. We are submitting an SVP bid and enquire as to whether one chart will suffice for this question as it will show both joint owners of the SVP.	Yes	Procurement

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PQQ004	There appears to be a contradiction between Paragraphs 13.5 and 17.1 of the Instructions to Bidders. Para 13.5 implies that information submitted in Part D is purely geared to ensure that the cash flow and funding implication of FND are understood by bidders, and that there will be a further assessment of financial capability will take place at the ITT stage. Para 17.1, however, states that DWP will indicate the maximum amount of business that any provider may receive at the PQQ short listing stage, suggesting that there may be more to the financial capability assessment at the PQQ stage than is inferred in Para 13.5. Please can you therefore give more clarity as to how the financial information will be assessed and how the maximum amount of business any provider may receive will be calculated based on information submitted within the PQQ?	When bidders are notified that they have been successfully short listed, they will also be informed of the Upper Contract risk threshold ie the maximum amount of business likely to be awarded if successful at stage two. See also PQQ050 in respect of business capacity assessment. Para 13.5 has been included to ensure that potential bidders are cognisant of the potential financial profiles to better enable them to assess the level of financial risk and inform their bid strategy.	Finance
PQQ006	Part D Question 33 asks bidders to provide any other information to enable DWP to take a fully informed view of financial capacity and capability which is currently in the public domain. Where such information is not in the public domain for whatever reason, are we correct in assuming that there is no compulsion to disclose such information in response to this question?	DWP is seeking information to help it better understand the risk and financial profile of bidding organisations and in particular how such risks are being managed and/or mitigated. Such information may not be in the public domain and in which case bidders will need to determine if such information would help DWP's understanding. If so, this information should be provided, marked as confidential and in exceptional circumstances DWP would consider a Non-Disclosure Agreement. Such exception may include, but not limited to , stock exchange listing requirements.	Finance
PQQ008	The service fee element of the funding model for FND1 has been front loaded in yr1-will the same happen in yr1 of FND2?	We expect that there will be some front loading but at this time we are unable to confirm.	Finance
PQQ036	Who is responsible for financial scrutiny of sub contractors?	The prime contractors will own that risk and will need to take relevant steps to ensure they know the financial background of all companies they work with. We will however require reassurance from prime contractors that this risk is being managed and we will be seeking	Finance

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		information on your processes and procedures as part of the ITT Submission.	
PQQ046	Could you confirm how Part D should be completed in relation to a proposed Special Purpose Vehicle which has not yet been legally incorporated and which will comprise two partners. That is, should we complete two Part Ds from the point of view of the separate partners and ignore references to Special Purpose Vehicles in this context. I'm afraid that the instructions to tender and the instructions within the PQQ still don't make your requirements clear and, obviously we want to make sure that we fully understand what information you are looking for.	The PQ should be completed on the basis of how you plan to structure the bidding and ultimately, if successful, the contracting organisation. Therefore if the PQQ is being completed on the basis that a Special Purpose Vehicle will be the legal contracting entity if successful (even if not already legally incorporated), then Part D should be completed on this basis. The SPV box will need to be checked and each company that will be part of the SPV will need to complete this return separately as we will require financial information about all the companies.	Finance
PQQ047	In part D, question 31 asks us to indicate if we are either: in the third sector, act as a subcontractor for other Prime providers, or are either an SPV or JV. Does this question seek information about the main business activity of the organisation? If this is the case then as a private sector prime Contractor it would appear that there is no box to tick?	This provides additional information only regarding the organisation and you should tick only the boxes that apply. We do not need any additional information, at this stage, on main business activities.	Finance
PQQ050	Can DWP please explain in more detail the financial ceiling? How will you calculate this? At what point do you expect to share this with potential suppliers?	This is not a ceiling and should a bidder be successful for more than this threshold indicates DWP will seek additional information and evidence that the growth (eg financial, organisation, managerial, operational) can be managed. The Upper Contract risk threshold considers the net growth in your business. It is an assessment of risk, using turnover growth as a proxy for other measures of growth management. The upper contract risk threshold includes, but is not limited to, a percentage increase to your existing annual total contract value (excluding ones due to end). We will consider the number of packages applied for pre-ITT and share this financial threshold with bidders as part of the short listed feedback. Following feedback from the shortlisting process we may discuss the growth risk with providers in advance of the ITT to better understand the risk profile	Finance

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		and planned mitigation. Ultimately this information will inform Risk evaluation of the ITT evaluation process	
PQQ016	In Contract Package Areas where there is a requirement to award 2 contracts could a situation arise where DWP will award more than 2 contracts?	No. Phase Two Flexible New Deal Specification Annex 3 table 2 at para 3.3 refers. DWP will award the number of contracts per package area as detailed.	EG Project
PQQ035	Please can DWP provide updates on volumes at the discussion stages?	If the volume range is still wide, there is little point in updating suppliers. If this changes, volumes will be communicated when necessary.	JSD
PQQ039	Will the volumes be available for the ItT or will it be closer to the signing of contracts when volumes will be available?	The ItT will give the latest estimates available at that point. Will look at the economic position at that point and make a judgement on whether updates are required during the procurement stages as happened in Phase 1. Will also consider whether Tolerances will be used as in Phase 1. Will look to discuss position with providers to decide the appropriate trigger point for updating any changes. The ItT will state that the funding model will be 20% service fee and 80% outcome payments as that is the ultimate policy aim. The model for Phase 1 has been changed for the first 18 months due to the economic position. No decision has been made on whether any of this will be replicated for Phase 2. This will be considered in the later stages of the procurement exercise and discussed with bidders depending on the prevailing economic position.	JSD
PQ049	When a customer completes the FJF Programme at what stage do they re-enter, would they go straight back to Stage 1, meaning that they may never reach FND?	Normal "linking" rules for the Jobseeker's Allowance regime will apply - so any repeat claim within 4 weeks of leaving benefit means the customer will return to Stage 3 to complete the balance of 26 weeks of that stage that were remaining at the point they started the FJF job. Otherwise they will return to the beginning of Stage 1.	JSD
PQQ057	PQQ Q31 Business Status - If none of the three options apply to a particular supplier should this section be left blank?	Yes	Finance

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PQQ059	13.5 Part D – Supplier Financial Capacity and Capability Risk Assessment state If the legal entity is completing the PQQ in their own right as a Prime Contractor, a statement to that effect should be made. Can you please advise how this statement is to be incorporated into the PQQ as I cannot see a specific section that would allow such a statement to be made. Is this an Appendix to the PQQ?	It can be put in the accompanying letter.	Finance
PQQ060	Please state the number of staff employed by your organisation working directly on DWP contracts. To arrive at the figure does this exclude management and support staff with multiple responsibilities for DWP contracts and non DWP contracts?	No. We need you to include the full-time equivalent of ALL staff deployed on DWP work.	Finance
PQQ062	The guidance relates to a Part G within the PQQ-can you please inform us what is required in Part G and where we will find further guidance to the completion of this section?	This appears to be an error on or part. There is no Part G included in the PQQ. We apologise for any confusion	Procurement
PQQ065	The question asks 'Please provide extracts from your Organisations risk register or Senior Management Meetings (e.g. Board Meetings) connected with or associated with the financial risk profile of your Organisation'. Could you please clarify what is meant by financial risk in this context, e.g. is the focus on : Could you please clarify what is meant by financial risk in this context, e.g. is the focus on : or is it more on: practical issues such as the integrity of financial claims, contract implementations, etc.	This is to focus on anything material that would affect the financial stability or make-up of the company. For example, but not limited to, company mergers; parent company changes; overdraft facilities due to come to an end.	Finance
PQQ063	Where a Special Purpose Vehicle, please provide details of the Supporters and their financial and resource commitment to the Special Purpose Vehicle. In addition, this form should also be completed for each Supporter of the Special Purpose Vehicle unless they are completing this return in their own right as a Prime Contractor to the Department. Where this is the case, a statement to that effect	Yes this relates to the completion of the financial information. This is trying to avoid duplication ie if you are already providing the information as a Prime Contractor bidder then we do not need this same information again for the SPV. We do however need the details of the supporters and their financial and resource commitment relating specifically to the SPV.	Finance

	should be made. Is this relating to the completion of the financial information for each member of the SPV or what other type of details do your require.		
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