



HM Courts &
Tribunals Service

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HMCTS FM Services

Commercial and Contract Management (CCM) Directorate

Volume 6: Pricing Methodology

Further Competition using Crown Commercial Service Facilities
Management Framework RM3830

Call-Off Contract for the provision of Facilities Management Services and
Security Services to Her Majesty's Courts and Tribunals

October 2018

Sourcing Project Reference Numbers: ITT_2174)

1. Introduction

- 1.1. This document provides Bidders with instructions and guidance on how to complete Volume 6: Pricing Matrix.

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- 1.2. The Pricing Matrix contains several worksheets, all of which are named, and this guidance takes you through the matrix one worksheet at a time.
- 1.3. Please ensure you have fully read and understood the information contained in this guidance before completing Volume 6: Pricing Matrix.
- 1.4. Failure to adhere to the instructions and guidance within this Volume 6: Pricing Methodology may deem your Bid non-compliant and you will no longer be able to continue in this Further Competition process.
- 1.5. If any guidance in this document is unclear or further explanation is required, please ensure that all clarifications are submitted via the Clarification Process as set out in Volume 1 of the ITT.
- 1.6. All prices should be submitted based on price year 18/19 with prices valid at 1st Nov 2018.
- 1.7. Where TUPE data is provided, the bidder should use this data in this Pricing Matrix. In the event that the TUPE rates increase before the Start Date, any increases will be managed in accordance with Call-off Schedule 6 – TUPE Surcharge.
- 1.8. Any staff who are not subject to TUPE are to be priced in price year 18/19 at 1st Nov 2018 prices. These costs will then be uplifted prior to the Start Date in line with the indexation requirements as set out in the Order Form.
- 1.9. All Schedule of Rates and other non-labour rates (including Sub-contractor fixed Price) are to be priced in price year 18/19. These costs will then be uplifted prior to the Start Date in line with the indexation requirements as set out in the Order Form.
- 1.10. When completing the Pricing Matrix please ensure it is done so in accordance with the Statement of Requirements, the information provided in the data room (both Warranted Data, and other information), and the Service Matrix (which is a constituent part of the Pricing Matrix).

2. Worksheet “Service Matrix”

- 2.1. This worksheet is for information only, and requires no Bidder input.
- 2.2. The Service Matrix provides a list of the Buyer Premises within the scope of this Further Competition, in addition to detailing some of the basic data about each Buyer Premises, also provides details of the security level in each of the Buyer Premises.
- 2.3. Buyer Premises which are listed as “likely to close before the Start Date” should be priced as if they were to be operational at the Start Date.
- 2.4. Buyer Premises which are listed as “mothballed” should not include pricing for any guarding services, but should include pricing in the event that mobile patrols, key-holding etc is required at these locations as per the Service Matrix.
- 2.5. The requirements and implications of the Security levels for each of the Buyer Premises are detailed in the Security and Safety Operating Procedure 40 which is located in the data room.

3. Worksheet “Security Hours”

- 3.1. Information regarding the Security Hours for each of the Buyer Premises is provided across two worksheets. These worksheets are for information only, and require no Bidder input.
- 3.2. These worksheets provide the full list of the security shifts required at each of the Buyer Premises, which the Bidder will need to replicate in its bid. The Buyer is not looking for the Bidder to suggest any changes in levels of Manned Guarding at any of the Buyer Premises.
- 3.3. The data in these Worksheets is not linked to any other worksheet and so needs to be manually imported into Worksheet “F- Resources”.

4. Worksheet “Instructions”

- 4.1. This worksheet provides an overview of the layout of the Pricing Matrix, the purpose of each of the worksheets and explains the colour coding system being used throughout the Pricing Matrix.
- 4.2. It should be noted that there are additional comments on each of the worksheets to assist the Bidders in completing the Pricing Matrix.

5. Worksheet “A – Financial Summary”

- 5.1. This worksheet is for information only, and requires no Bidder input.
- 5.2. This worksheet is auto-populated following input in to the subsequent worksheets, as set out in this document. This sheet summarises the tender cost of delivering the services for all 9 years of the Contract Period, however it should be noted that the price evaluation will be based on a 5-year contract term.
- 5.3. This summary sets out:
 - The Fixed Fee - for each year of the Contract Period including the Savings Glidepath
 - The Mobilisation Payment – the costs to deliver the Mobilisation Period
 - The estimated cost for unplanned scenarios for each year of the Contract period (for evaluation purposes only)

5.4. For evaluation purposes only, these costs are then inflated from Year 2 onwards by an estimation of the future CPI rate which is to be applied at the start of each anniversary of the Contract Start Date. This will calculate the Weighted Contract Price over the 5-year term.

6. Worksheet “B - Summary – Cost”

6.1. This worksheet is for information only, and requires no Bidder input.

6.2. This worksheet is populated automatically from the other worksheets within the Pricing Matrix, and summarises the cost of providing the services to each Buyer Premises for Contract Year 1.

7. Worksheet “C - Contract Year 1 – Fixed Charge Services”

7.1. This worksheet is for information only, and requires no Bidder input.

7.2. This worksheet is populated automatically from the other worksheets, and summarises the cost for each Buyer Premises sub-divided into the following cost areas:

- Self-Delivery
- Sub-Contractor
- Materials
- Profit
- Overheads

8. Worksheet “D - Mobilisation costs”

8.1. This sheet allows the Bidder to insert the total cost of mobilisation for the Security Contract, which is then apportioned across six Milestones, as defined by the Buyer in Annex A of Call-Off Schedule 13 (Mobilisation and Testing). Each of the costs apportioned to each Milestone will be paid on the successful Delivery of that Milestone.

8.2. The total mobilisation cost is used within the worksheet “A – Financial Summary” to calculate the total Contract cost.

9. Worksheet “E – Subcontractor”

9.1. This sheet allows the Bidder to populate details of the Subcontractors it intends to use to deliver the services, including their entity name and company number, the services to be supplied by this Subcontractor and the Regions in which this service is to be delivered. Should the sub-contractor be a sole trader and not have a company number please enter ‘sole trader’ into the company number cell.

10. Worksheet “F - Resource Schedule”

10.1. This worksheet requires input by the Bidder and allows the Bidder to detail their resource costs for the service for each of the Buyer Premises.

10.2. The Bidder should use an individual line for each member of staff required at each of the Buyer Premises.

10.3. The input required for each column is outlined further below.

10.4. The Bidder is required to complete columns E & F for each entry – these cells will highlight in yellow if this information is not full completed. In addition, if the Bidder defines in column F that the service is to be delivered by a Sub-contractor (Fixed Price), but then starts to build up costs in the subsequent columns, an error flag will appear in column B, which will remain until this error is resolved. The Pricing Matrix should be submitted free from all error messages.

Column C – Building

10.5. The Bidder should select the Buyer Premises from the drop-down menu in column C. Bidders will need to enter numerous lines per Buyer Premises (as illustrated below), and the number will be at the discretion of the Bidder. There is no limit to the number of lines entered per Buyer Premises.

Building	EPIMS Ref
Abergavenny Magistrates Court	EC301
Abergavenny Magistrates Court	EC301
Abergavenny Magistrates Court	EC301
Kendal Courthouse	GB303

10.6. It is recognised, however, that the costs associated with the Security Management System/Helpdesk are not included within the definition of “Overhead” but that these costs are overarching across all of the Buyer Premises. To avoid the need to replicate the same data for each separate building, the Bidder should select Security Management System from the drop-down menu, and then enter the various elements of cost as described below. The Pricing Matrix will calculate the total cost of the SMS/Helpdesk and then present this at the bottom of Worksheet “B – Summary”, and then, using the GIA, will apportion this cost by GIA across the estate of in-scope Buyer Premises.

10.7. When selecting the Security Management System option, the Bidder must select the “Security and Helpdesk” option from column E, **otherwise the model will not pick up this cost.**

Column E – Service Group Sub-category

10.8. The Bidder will choose one of the Service Sub-categories from the following drop-down list of services:

- Contract Management
- Manned guarding

- Security & Helpdesk

10.9. All resource costs should be priced within these categories.

Column F – Delivery method

10.10. The Bidder is required to confirm whether the service chosen in column F will be self-delivered or sub-contracted. If the Bidder wishes to sub-contract this service, then there are 2 scenarios. If the:

- Sub-contract is generally low value and a fixed price per Buyer Premises (e.g. key-holding), the Bidder should enter a fixed price amount in column I below, or
- Bidder is sub-contracting a larger service (e.g. guarding), the Bidder should build-up the costs as though the service was being self-delivered by entering the various values in columns J onwards, as detailed below.

Column G – Role description

10.11. The Bidder is required to enter a brief description of the role which will be undertaken by the member of staff or Sub-contractor.

Column H - Location

10.12. The Bidder is required to identify whether the resource will be based on-site or off-site in relation to each Buyer Premises.

Column I - Subcontractor Fixed Price

10.13. In accordance with the above explanation for column F, if the Bidder wishes to provide a 'Fixed Price sub-contract' for the service chosen in column E then they must enter a fixed price in column I. If the service chosen in column E is to be self-delivered, or sub-contracted through a built-up cost, then this column should be left blank.

Columns J – FTEs and Column L - Hours per week

10.14. For each resource, and based on a standard 40-hour per week role, the Bidder should identify what fraction of a Full Time Employee (FTE) is applicable to this service at the specific Buyer Premises.

10.15. By way of an example if someone is only working 35 hours per week at this location, the Bidder will need to ensure that the product of the number of FTEs (i.e. 0.875) multiplied by the hours per week (i.e. 40) equals 35.

Column K – TUPE member of staff

10.16. The Bidder should advise whether the relevant person providing the Service has been provided in the TUPE Data.

10.17. Where provided, the Bidder should use the TUPE hourly rates throughout this Pricing Matrix.

Column M – Staff Hourly rate

10.18. The Bidder should enter the hourly rate of pay in normal operating hours.

Column O - Equivalent annual salary

10.19. This column is automatically populated by using the following formula:

- hourly rate x number of hours per week (40) x weeks per year (52.14) = equivalent annual salary

Columns Q to AE – Salary Employment costs

10.20. The Bidder should then enter any other employment costs as a percentage of the equivalent annual salary (column O) to reflect the costs associated with any of:

- Overtime
- Bonus
- Holiday pay
- Sick pay
- Additional benefits
- Employer’s National Insurance and Apprentice Levy
- Pension

10.21. The model calculates NI and Apprentice Levy etc in one of 2 ways. The Bidder has the choice of either:

10.21.1. Entering a percentage figure into column AA which is multiplied by the Equivalent Annual Salary in addition to any overtime, bonus, holiday pay, sick pay and additional benefits – less the annual NI threshold of 12 x £702, or

10.21.2. Entering a fixed cost in column AB.

10.21.3. If the bidder enters data in both cells AA and AB on the same row, an error flag will appear in column B.

10.22. If any of these do not apply, the Bidder should enter 0%. Each of the items will then be converted into a numerical value by the model.

10.23. These will all be added to the equivalent annual salary as per the calculation above. The worked example below demonstrates how this works.

/Or- Equiv. Annual Salary for 1 FTE	Salary: Employment Costs (%s)						
	Overtime	Bonus	Holiday	Sick pay	Employe nt taxes	Pensio n	Additional Benefits
£	%	%	%	%	%	%	%
£ 25,000.00	1.00%	1.00%	1.00%	1.00%	1.00%	3.00%	1.00%

- Using the figures in the above worked example these would translate into the following £ figures.

Overtime	Bonus	Holiday	Sick Pay	Employment Taxes	Pension	Additional Benefits
£ 250.00	£ 250.00	£ 250.00	£ 250.00	£ 250.00	£ 750.00	£ 250.00

- In this example the total Annual salary + Employment costs = £27,250.00

Columns AG-AN – Equipment and Training, and Other Costs

10.24. The Bidder must provide the costs for any materials and other costs which are specific to that individual. If there is no appropriate heading provided, the Bidder should use column AM to describe the cost and to provide the detail of the cost in column AN. These should be expressed as costs for one (1) FTE.

Columns AP – AV – Sub-totals and totals

10.25. These columns are all auto-calculated. Column AP will provide an aggregated Net Cost for 1 FTE.

10.26. Column AQ calculates either the net cost of the cost for 1 FTE multiplied by the number of FTEs detailed in column J, or it re-presents the Sub-contractor (Fixed Price) re-printed from column I, as appropriate.

10.27. Profit and Overheads from worksheet 'R – % Uplift' are then added to this sub-total to provide a final Total Cost in column AV.

10.28. This total is then aggregated per Buyer Premises and per service, and presented in the relevant column of worksheet 'B – Summary'.

General Considerations

10.29. In determining the various resources, the Bidder feels they need to provide the services, the Bidder should consider the:

- Security hours
- Statement of Requirements,
- Service Matrix,
- Security and Safety Operating Procedures and other security policies (provided in the data room); and
- General information provided in the data room relevant to the Statement of Requirements.

11. Worksheet “G – Site Equipment Schedule”

11.1. This worksheet requires the Bidder to detail the Equipment needed (e.g. radios and hand-held metal detectors), Consumables and Parts (including spare parts) and any other costs associated with the delivery of the Services at each of the Buyer Premises.

11.2. In the event that something does not obviously fit into one of the service categories presented as an option, the descriptions of the costs and the associated costs should be entered into the row for Contract Management.

11.3. The costs from this worksheet are then:

- Aggregated by Buyer Premises and per service
- Added to the Resource costs for each Buyer Premises (calculated from worksheet 'F – Resource Schedule')

- Presented in the relevant column of worksheet 'B – Summary Cost'

12. Worksheet "H - Security Schedule of Rates"

- 12.1. The Bidder should provide a price for Services to be undertaken by each of the trades/roles, in the following hours, which are to be used when calculating the costs of Services delivered in accordance with the Call-Off Schedule 4a - Billable Works and Approvals:
- Standard Working Hours (7a.m. - 7 p.m. Monday-Friday)
 - Out of Standard Working Hours (Monday-Friday) and any time on Saturday
 - Sunday and Public Holidays
- 12.2. All rates within columns D – F are to be adjusted for the duration of the Contract in respect of Regions 2 to 7 based on the discounts provided in worksheet 'S – Discounts and Premiums'
- 12.3. Rows 31 – 35 are a list of miscellaneous activities to be provided to any of the Buyer Premises in the Buyer estate. The price for providing each service is to be the same across the whole of the Buyer estate, irrespective of the Region in which the Buyer Premises is located.
- 12.4. There is to be no volume variation and the price submitted is to apply irrespective of the number of times the activity/item is performed/delivered at the same time/day.
- 12.5. It should be noted that the rates entered into worksheet 'H - Security Schedule of Rates' do not directly feed into the Fixed Fee for the delivery services. These rates will be used as per Call-Off Schedule 4A – Billable Works and to calculate a series of unplanned 'variable' scenarios for evaluation purposes only, as set out in Volume 3 – Evaluation Methodology.

13. Worksheet "I - Percentage Uplifts"

- 13.1. This sheet is where the Bidder should enter a % figure for Profit and a % figure for Overheads for all of the different elements of the Services to be provided. The Bidder should note carefully what is included in the definition of Overheads.
- 13.2. As indicated above, these rates will be used when constructing the various elements of the Fixed Fee but also will be used for calculating Billable Works where these works are priced from the Schedule of Rates.

~~13.3. In all instances, Profit and Overhead are both calculated from the net cost, and so will be calculated as per the following worked example:~~

- ~~• Net Cost – £20,000 Profit – 3% Overheads – 5%~~
- ~~• Therefore, Profit will be 5% of £20,000 so £600 and overheads will be 5% of the net cost and therefore £1,000.~~
- ~~• So, for the above worked example Net Cost + Profit + Overheads = £21,600~~

13.3. In all instances, the method by which Profit and Overhead are calculated has been amended to bring it in line with the CCS framework, in that Profit is now to be charged on Overhead, as per the following worked example:

- If sub-total cost = £20,000 and Profit = 3% Overhead = 5%
- Overhead will be 4% of £1,000 (i.e. £40) but Profit will be 3% of £1,040 (i.e. £31.2) and

- Sub-total cost + Profit + Overheads =£1,071.2

14. Worksheet “J- % Discounts and Premiums”

Regional discounts

- 14.1. It is recognised that differences in labour rates exist across the various Regions. This section allows to Bidder to vary the rates submitted in relation to the rates submitted for Region 1 (London). This should be expressed as a percentage factor and will be multiplied by the Region 1 rates to calculate the appropriate rate for all other Regions.
- 14.2. These factors will be used only in calculating:
- Worksheet ‘H – Security Schedule of Rates’

15. Worksheet “K -Savings Glidepath”

- 15.1. This worksheet is where the Bidder should enter an annual efficiency savings which is to be applied to the Fixed Fee only (i.e. and not to any of the various Security Schedule of Rates) at the start of each Contract Year from Contract Year 2 onwards, to reflect efficiency savings that the Bidder expects to be able to deliver throughout the life of the contract.
- 15.2. The savings in each year are absolute and are not incremental from the previous year. This will be used to calculate the cost summary in worksheet ‘A - Financial Summary’.
- 15.3. Note that these savings are discrete from any reductions in the Fixed Fee by virtue of implementation of the Variation Procedure or from any gainshare arrangements which may be entered into.

16. Worksheet “L – Evaluation”

- 16.1. This worksheet requires no Bidder-input but details the scenarios which are used by the Buyer to evaluate the prices submitted by the Bidder in worksheet “H – Security Schedule of Rates”.
- 16.2. It should be noted that these volumes are purely estimates of what may occur which are used for evaluation purposes, and are not guaranteed to be commissioned during the life of the Contract.

17. Uploading the completed Pricing Matrix

- 17.1. The Bidder should password protect their completed Pricing Matrix and submit the password via a message through Bravo by the tender response deadline.
- 17.2. The completed Pricing Matrix should then be uploaded to the “Pricing Matrix – Question Section’ of the ‘Commercial Envelope’ within the Invitation to Tender on Bravo. Using the following file naming convention.

[Bidder Name]_SEC_[Pricing Model]_[QRD].xls

e.g. [FM Services Ltd]_SEC_[Pricing Model]_[QRD].xls