DEFFORM 47 Section D – Tender Evaluation

1. Purpose

1.1. This section of the ITN sets out the stages in evaluating Tender responses, the evaluation criteria that apply at each stage, and the methodology used. Definitions that are specific to this Section D are provided in the table at paragraph 9 (Defined Terms) of this Section D.

1.2. Section C of this ITN (Instructions on Preparing Tenders) sets out the detail of the documentation required to be submitted by Tenderers and Section E (Instructions for Submitting Tenders) sets out the process for submitting and uploading tenders to the Defence Sourcing Portal (DSP).

1.3. Section B of this ITN (Key Tendering Activities) sets out the proposed timetable for the procurement including the dates and time for the Initial Tender return and the Final Tender return, and information regarding negotiations.

2. Tender Evaluation Process

2.1. The five (5) stages in the evaluation process are summarised in the diagram at Figure 1 below. The Authority may undertake some stages of the evaluation process concurrently.

2.2. Tenderers should note the Authority has reserved the right to amend the Project SOCIETAS ITN documentation under paragraphs C6. to C10. in Section C of this DEFFORM 47 (Instructions on Preparing Tenders) prior to the commencement of negotiations.

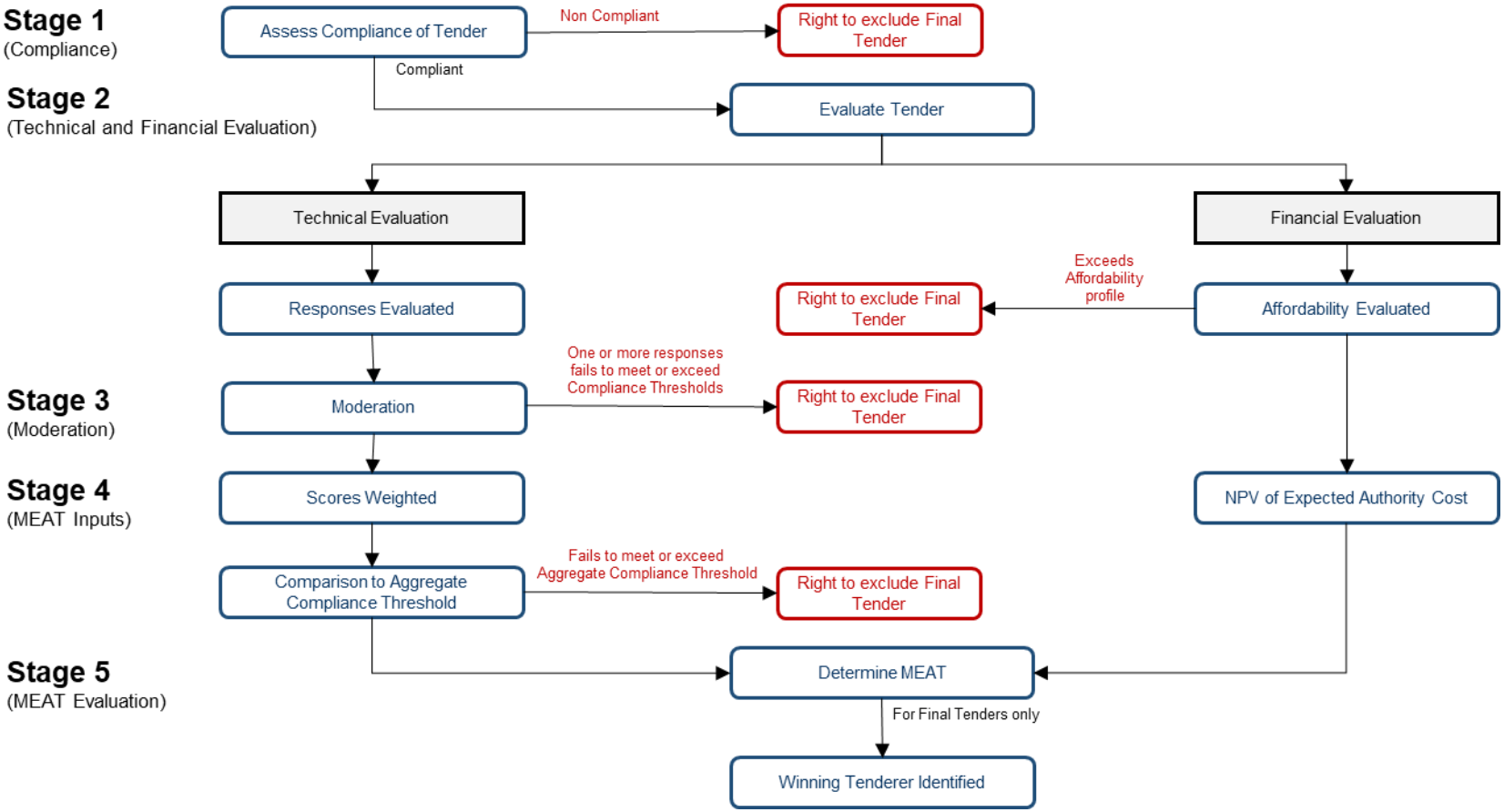

***Figure** 1 Flow diagram to illustrate the Tender evaluation process*

2.3. The Authority will use the Willingness to Pay methodology for the determination of the Winning Tenderer. Evaluation of Initial Tenders and Final Tenders will be undertaken in accordance with the stages detailed in this Section D.

2.4. The Authority may raise Tender Clarifications (TC) via the DSP messaging function and may at its discretion request clarification information from the Tenderer in order to understand the nature of what is proposed and to enable the Authority to complete its review or evaluation of the Tender responses.

2.5. Tenderers shall note that a TC from the Authority should not be viewed as commencement or recommencement of negotiations nor an opportunity for a Tenderer to further develop its Final Tender. Tenderers must respond via the DSP to any TC as soon as practicable, and in any event no later than the individual TC response deadline notified to the Tenderer by the Authority. A response to a TC received after the Authority's deadline will be disregarded unless the Authority has agreed in writing via the DSP to extend the original deadline.

2.6. Following Authority review of the Initial Tender submissions in response to DEFFORM 47 Annex E (ITN Deliverable Checklist), Tenderers will be provided with individual feedback to aid Tenderers in understanding the maturity of their Tender against the Authority's requirements, and to inform the negotiation process and the development of their Final Tenders. Feedback for each of the Requirements of Response (ROR) detailed in DEFFORM 47 Appendix 3 to Annex C (ROR) will be provided by the Authority up to a maximum of 2 sides of A4 text font Arial 11. In addition, following the review of the Initial Tenders, the Authority will provide feedback on Tenderer pricing submissions up to a maximum of 2 sides of A4 text font Arial 11 against the affordability aspects, pricing template submissions, Tenderer's financial model, including assumptions book.

2.7. Commercial ROR questions detailed in DEFFORM 47 Appendix 3 to Annex C (ROR) which are subject to Pass/Fail scoring will not result in exclusion of Tenderers at the Initial Tender stage. The Authority will not down-select Tenderers following review and feedback of the Initial Tenders and intends to invite all Tenderers to participate in the negotiation phase prior to the submission of Final Tenders.

3. Stage 1 – Tender Compliance: Commercial

3.1. Following submission of Tenders (Initial and Final), Stage 1 involves checking that Tender responses are complete and commercially compliant. Tenderers must provide a complete response to the ITN Deliverables set out in Annex E to DEFFORM 47 (ITN Deliverables Checklist). Discrepancies will be addressed in accordance with paragraph E3 in Section E (Instructions on Submitting Tenders).

Commercial Evaluation - Initial Tender Phase

3.2. The Commercial Evaluation of the Initial Tender will be evaluated in two parts prior to scoring the Technical and Pricing elements in order to assess each Tenderer's:

a) response to ROR 1.1 Commercial Compliance Matrix (DEFFORM 47 Annex B), which will be assessed in accordance with Tenderer's Yes/No responses against the mandatory conditions. Non-compliance with the mandatory conditions at Initial Tender will not result in a Fail, however Tenderers must note that non-compliance at Final Tender will result in a Fail, and the Tenderer will be excluded from proceeding further in the procurement; and

b) response to ROR 2.1 (Insurance) will be assessed on a Pass/Fail basis in accordance with the scoring for this ROR. A Fail will be considered non-compliant but at Initial Tender, a Tenderer that is evaluated as a Fail will not be excluded from the procurement.

Outcome of the Initial Tender Evaluation

3.3. The purpose of the Initial Tender Commercial evaluation is to support and inform the negotiations only and the intention is that, even where Tenderers are found to be non-compliant at the Initial Tender evaluation stage, they will continue in the process and develop their solutions with a view to being able to achieve a compliant score at Final Tender. The Authority will not exclude any Tenderer as a result of a non-compliant Initial Tender commercial evaluation, and they will continue to be evaluated in accordance with Stages 2 to 5 as set out in this Section D prior to negotiation. Any Commercial elements that are assessed as compliant in accordance with Paragraph 3.2.a) and b). will not be discussed during the Negotiation stage as these will be deemed to have been accepted by all Tenderers.

Commercial Evaluation - Final Tender Phase

3.4. The Commercial evaluation of the Final Tender shall be evaluated in two parts prior to scoring the Technical and Pricing elements in order to assess each Tenderer's:

a) final response to ROR 1.1 (Commercial Compliance Matrix: DEFFORM 47 Annex B), which will be assessed in accordance with the Tenderer's Yes/No responses against the mandatory conditions; and

b) final response to ROR 2.1 (Insurance) which will be assessed on a Pass/Fail basis in accordance with the scoring for this ROR.

3.5. If any part of the Tenderer's Commercial element at Final Tender is assessed as either:

a) 'Non-compliant' for their response to ROR 1.1 (Commercial Compliance Matrix: DEFFORM 47 Annex B); and/or

b) 'Fail' for the Insurance Requirements under ROR 2.1;

the Tender will be considered commercially non-compliant and will be excluded from the procurement.

4. Stage 2 – Tender Evaluation

4.1. Stage 2 has two elements: evaluation of the Tenderers' Technical, Service Delivery and Social Value responses (RORs 4.1 to 14.3); and evaluation of their financial submissions submitted against ROR 3.1 (Tender Price).

Evaluation of Technical, Service Delivery and Social Value responses

4.2. Each response to ROR 4.1 to 14.3 will be evaluated by the Authority against the evaluation criteria and scoring set out in DEFFORM 47 Appendix 3 to Annex C (ROR).

Evaluation of Financial Submissions

4.3. The evaluation of each Tenderer's financial submission will assess:

a) the **Tender Price** which is the total value of the Tender, which is to be provided in accordance with paragraph 4.4 below, and comprises the Contract Price, excluding VAT. Tenderers are requested under ROR 3.1 to submit the following completed documentation into the DSP Commercial envelope to support the price evaluation and ensure consistency and coherency of Tender Price across the 5 documents:

i. DSP Question 3.1.2: Complete and provide the Total Value of Tender in DEFFORM 47 Annex A (Submission Document (Offer) – Ref Number 701478374).

ii. DSP Question 3.1.3: Complete and provide Appendix 1 to DEFFORM 47 Annex C Pricing Template in accordance with Appendix 2 to DEFFORM 47 Annex C - Pricing Template Supporting Information.

iii. DSP Question 3.1.4: Provide the Financial Model that underpins the Pricing Template and Contract Price in accordance with Appendix 2 to DEFFORM 47 Annex C - Pricing Template Supporting Information.

iv. DSP Question 3.1.5: Provide the supporting assumptions book to the Financial Model in accordance with Appendix 2 to DEFFORM 47 Annex C – Pricing Template Supporting Information.

v. DSP Question 3.1.6: Complete and provide a priced copy of Annex 1 to Schedule 6.1 (Price Schedule).

b) the **Authority Cost** of the Tender, which is the cost to the Authority of the Tenderer's proposed solution (Tender Price, plus Authority Retained Costs and Authority Retained Risks, as set out in 4.6 to 4.11);

c) the **Expected Authority Cost (EAC)** of the Tenderer's proposed solution as set out in 4.15 to 4.18, being the Authority Cost adjusted to reflect the uncertainty in the Suitably Qualified Experienced Personnel (SQEP) demand as defined by the Authority. The Net Present Value (NPV) of the EAC is used to determine the Most Economically Advantageous Tender (MEAT).

Tender Price

4.4. Instructions on the structure of the Tender price submission under ROR 3.1 (Tender Price) and how it should be completed are set out in DEFFORM 47 Appendix 2 to Annex C (Pricing Template Supporting Information). Prices must be consistent with those submitted within Annex A of DEFFORM 47.

4.5. If based upon the Authority's review of the Tenderer's technical and financial submissions, the Tender Price appears abnormally low, the Authority will seek price clarification to enable the Tenderer to explain the proposed costs/price. On conclusion of the Authority investigation, where the price is deemed to

be abnormally low, the Authority reserves the right to reject the Tender and exclude it from the procurement, acting reasonably and proportionately.

Authority Retained Costs and Authority Retained Risks

4.6. Authority Retained Costs are discrete costs associated with a Tenderer's proposed solution that the Authority is likely to incur in fulfilling its obligations and responsibilities under the Contract, and Authority Retained Risks comprise those risks that the Authority assesses it will retain as a consequence of a Tenderer's proposed solution. The Authority does not expect significant Authority Retained Costs or Authority Retained Risks to arise from the Tenderers' proposals. The treatment of any such costs or risks is outlined below.

4.7. Authority Retained Costs and Authority Retained Risks will be considered for evaluation purposes through inclusion in the Authority Cost of the Tenderer's solution. Authority Retained Costs and Authority Retained Risks will reflect the judgment of Authority subject matter experts.

4.8. During negotiations, the Authority will discuss any proposed Authority Retained Costs and/or Authority Retained Risks with Tenderers, based upon the Tenderers' solutions proposed as part of their Initial Tenders, provided to support the Tender negotiations.

4.9. Subsequent changes made by the Tenderers to their solutions, following the completion of negotiations, prior to submission of their Final Tenders that have a material impact on Authority Retained Costs and Authority Retain Risks may result in the Authority reassessing Authority Retained Costs and Authority Retained Risks as part of its evaluation of the Final Tenderers. In such instance, the Authority may seek to confirm any new assumptions related to Authority Retained Costs and Authority Retained Risks through the Tender Clarification process.

4.10. In determining the Authority Retained Costs and Authority Retained Risks, the Authority will reflect the individual Tenderers' proposals and apply the same underlying assumptions and Tenderer specific considerations to enable comparison between Tenders as part of the Tender evaluation.

4.11. The Authority's assessment and valuation of the Authority Retained Costs and Authority Retained Risks is final and at its sole discretion.

Affordability

4.12. The Authority will consider the affordability of each Tender by comparing the Tenderer's Authority Cost against the Authority's Affordability Profile, which are the Authority's affordability constraints comprising the total affordability threshold, and annual affordability thresholds as set out at Appendix 4 to DEFFORM 47 Annex C (Affordability).

4.13. The Tenderer's Authority Cost profile should not exceed the Authority's Affordability Profile in total or in any single Contract Year. In the event that the Authority's Affordability Profile is exceeded in total or in any single Contract Year, the Authority may deem the Tender as being non-compliant and the Authority, acting reasonably and proportionately, may exclude the Tenderer from this procurement.

4.14. In determining each Tenderer's Affordability Profile, prices and costs that are not stated as Firm Price in the Tender (i.e. those that will be subject to Variation of Price in accordance with Condition 11 of Contract Schedule 6.1 (Pricing and Payment) will be escalated to their nominal value as follows:

$$C_n = C_{PT} * \left(\frac{ei_n}{ei_1}\right)$$

Where:

C_n = *Nominal price or cost*

C_{PT} = *Price or cost included in the Tenderer's Pricing Template*

ei_n = *Escalation index for year n, as given in the following table:*

Contract Year (n)	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**
Escalation Index (ei_n)	*120.3*	*122.1*	*124.6*	*127.1*	*129.6*	*132.2*	*134.9*	*137.6*	*140.3*	*143.1*

n = Contract year relevant to the price or cost

Worked example

Contract Year	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**
Pricing Template Submission (£m)	£6.00	£6.00	£7.00	£6.20	£6.20	£6.20	£6.20	£6.20	£6.20	£6.20
Fixed or Firm	*Firm*	*Firm*	*Firm*	*Fixed*	*Fixed*	*Fixed*	*Fixed*	*Fixed*	*Fixed*	*Fixed*
Escalation Index (ei_n)	*120.3*	*122.1*	*124.6*	*127.1*	*129.6*	*132.2*	*134.9*	*137.6*	*140.3*	*143.1*
Effective Escalation (1 d.p.)	*100.0%*	*100.0%*	*100.0%*	*105.7%*	*107.7%*	*109.9%*	*112.1%*	*114.4%*	*116.6%*	*119.0%*
Authority Cost (nominal) (£m)	£6.00	£6.00	£7.00	£6.55	£6.68	£6.81	£6.95	£7.09	£7.23	£7.38

Expected Authority Cost

4.15. The EAC is a principal element of the MEAT determination, that makes an adjustment to Authority Cost to account for the scenario in accordance with DEFFORM 47 Appendix 2 to Annex C (paragraph 36 – Demand Scenarios) whereby the Authority requires the Contractor to provide a different level of SQEP and CIS SQEP than that provided in the Contract ('baseline SQEP demand') in accordance with Schedule 2.1 Annex 1 (SQEP Requirement). In support of this, the Tenderer is required to submit a price ("higher SQEP demand scenario') in accordance with DEFFORM 47 Appendix 6 to Annex C (Additional SQEP Requirement) as part of its Pricing Template submission in accordance with DEFFORM 47 Appendix 2 to Annex C (Pricing Template Supporting Information).

4.16. The Expected Authority Cost will be calculated as the sum of:

a) the Authority Cost for the requirement as defined the 'baseline SQEP demand scenario'; and

b) the 'weighted Authority Cost of the incremental SQEP'.

4.17. Where the 'weighted Authority Cost of the incremental SQEP' is calculated as 20% (twenty percent) multiplied by the cost difference between:

c) the Authority Cost for the requirement as defined in the 'baseline SQEP demand scenario'; and

d) the Authority Cost for the requirement as defined in the 'higher SQEP demand scenario'.

4.18. In determining the EAC, prices and costs that are not stated as firm prices or firm costs in Tenders will be escalated to nominal values using the formula set out above in paragraph 4.14.

Worked example

Calculation stages	**Authority Cost (nominal)**
1. Authority Cost (nominal) of 'baseline SQEP demand scenario'	£80m
2. Authority Cost (nominal) of 'higher SQEP demand scenario'	£100m
3. Difference in cost between the two demand scenarios (nominal) [2. – 1.]	£20m
4. 'Higher SQEP demand scenario' weighting	20%
5. Weighted Authority Cost of the incremental SQEP (nominal) (b) [3. x 4.]	£4m
6. EAC (nominal) [1. + 5.]	**£84m**

Financial considerations not reflected in the Tender Price

4.19. The Tenderers' approach to identifying opportunities for the continuous improvement of the delivery of the Joint Electronic Warfare Operational Support Centre (JEWOSC) services; and for improvements in the effectiveness and efficiency in the delivery of training will be evaluated within the relevant ROR, as set out in DEFFORM 47 Section C (Instructions on Preparing Tenders).

4.20. Outside of the Tender Price, the Authority will not take account of any direct or indirect, actual, proposed, or potential cost benefits to the Authority arising from the Tenderers' proposals, in its evaluation of the Tenderers' financial submissions.

5. Stage 3 – Moderation

5.1. Tender responses to ROR 4.1 to 14.3 (Technical, Service Delivery and Social Value) will be evaluated on an individual basis by subject matter experts. Following evaluation, a single consensus score will be determined by consensus leads in discussion with the individual evaluators. Subsequently, a moderation review meeting will be conducted to validate that evaluation of each of the individual ROR has been undertaken against the issued evaluation criteria; to consider the coherency of the responses to the ROR. In the event that the moderation review identifies a potential incoherency in responses to individual RORs, the moderation review may request the relevant consensus lead(s) to revisit their consensus score(s) in conjunction with the relevant evaluators and consider whether they wish to revise their consensus score(s). The scores agreed at the moderation review meeting will be utilised for the remaining evaluation stages.

5.2. Following moderation of the evaluated ROR response scores, the Authority will check that the score for each ROR response meets or exceeds the relevant ROR Compliance Threshold (ROR CT) (as set out in Table 1 below). Where one of more ROR response scores does not meet or exceed the relevant ROR CT, the Authority reserves the right to deem the Tender as being non-compliant and, acting reasonably and proportionately, exclude the Tenderer from the procurement.

Table 1 *- Requirements of Response Compliance Thresholds (Technical, Service Delivery, Social Value)*

Category	Area for evaluation	Detailed area for consideration	Service Requirement	ROR Compliance Threshold
Commercial	1. Commercial Compliance (completion of DEFFORM 47 Annex B Commercial Compliance Matrix)	1.1 Commercial Compliance	-	Not applicable to Aggregate Compliance Threshold evaluation
	2. Insurance	2.1 Insurance	-	
Commercial - Pricing Template Submission	3. Appendix 1 to DEFFORM 47 Annex C Pricing Template	3.1 Tender Price	-	

Category	Area for evaluation	Detailed area for consideration	Service Requirement	ROR Compliance Threshold
Technical	4. Provision of sustainable Suitably Qualified and Experienced Personnel (SQEP) to the JEWOSC to support meeting variances in demand and to ensure the JEWOSC can meet current and future requirements	4.1 Provision of SQEP	2.1.1, 2.1.2	40
	5. Provision of training and training support to ensure that Authority personnel have the right competencies required to fulfil their roles within the JEWOSC in line with the JEWOSC SQEP Competency Frameworks (SCF)	5.1 Provision of training services	2.2.1, 2.2.2, 2.2.3	40
	6. Provision of continuous improvement, innovation and modernisation to support enhancement of the JEWOSC output	6.1 Approach to continuous improvement, innovation and modernisation	2.3.1, 2.3.2	40
	7. Provision of business development capability to support the sale of Electronic Warfare (EW) data, and provision of SQEP to support secured EW sales	7.1 Provision of support to the Authority's export services	2.4.1, 2.4.2, 2.4.3	40
	8. Provision of sustainable Communication and Information Services (CIS) SQEP to the JEWOSC to meet variances in demand	8.1 Support to the maintenance of the JEWOSC CIS	2.5.1, 2.5.2, 2.5.3	40
	9. Lead-in	9.1 Mobilisation Plan	-	40
		9.2 Human resources strategy and TUPE arrangements	-	40
Service Delivery	10. Pricing, Payment and Incentivisation Mechanism (PPIM)	10.1 Proposed PPIM arrangements	-	40
	11. Change and change management	11.1 Proposed arrangements for the management of change	-	40
	12. Collaborative arrangements	12.1 Approach to ensuring the right relationship, culture and behaviours	-	40
	13. Exit arrangements	13.1 Exit arrangements at Contract end	-	40

Category	Area for evaluation	Detailed area for consideration	Service Requirement	ROR Compliance Threshold
Social Value	14. Social Value delivered by the Contract	14.1 Increase supply chain resilience and capacity	-	40
		14.2 Tackle workforce inequality	-	40
		14.3 Improve health and wellbeing	-	40

6. Stage 4 – Calculate MEAT determination inputs

6.1. The Authority will evaluate each Tender submission to determine the level of confidence (the 'Tender Confidence Score' (TCS)) that it has in the Tenderers proposed Technical, Service Delivery and Social Value ROR response solutions in terms of meeting the Authority's stated aims and delivering its requirements. The single Tender Confidence Score (TCS) will be calculated for each Tender by weighting the individual moderated response scores using the ROR Weightings set out in Part A (Summary of Requirements of Response) of DEFFORM 47 Appendix 3 to Annex C (ROR), and then aggregating the weighted scores.

6.2. The TCS for each Tender will be assessed against the Aggregate Compliance Threshold (ACT). The ACT represents the lowest acceptable level of confidence in a Tenderer's technical solution that the Authority is likely to accept. The ACT is set at fifty-five-point-nine percent (55.9%). If a TCS does not meet or exceed the ACT, the Authority reserves the right, acting reasonably and proportionately, to exclude the Tenderer from further participation in the procurement.

6.3. Alongside the TCS, the other MEAT determinant is the Net Present Value (NPV) of the EAC of the Tenders. This will be calculated as follows:

Step 1: Calculate the real value of the EAC

$$EACR_n = EACN_n \,/\, \left(\frac{di_n}{di_1}\right)$$

Where:

$EACR_n$ = *Real value of the EAC in contract year n*

$EACN_n$ = *Nominal value of the EAC in contract year n*

di_n = *De-escalation index expressed as a decimal for year n, as per the below table:*

Contract Year (n)	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**
De-escalation index $(\boldsymbol{di_n})$	*109.3*	*111.7*	*114.0*	*116.6*	*119.3*	*122.0*	*124.8*	*127.7*	*130.6*	*133.6*

n = Contract year relevant to the price or cost

Step 2: Calculate the NPV of the EAC

EAC_{NPV} = $\sum EACRn/((1+i)\hat{}(n-1))$

Where:

EAC_{NPV} = *Net Present Value of the EAC*

$EACR_n$ = *Real value of the EAC in contract year n*

i = *Discount Rate to be used in calculating the NPV of the EAC of Tenders expressed as a decimal (i.e. 3.5% or 0.035)*

n = *Contract year*

Worked example

Year	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**
Authority Cost (nominal) (£m)	£6.00	£6.00	£7.00	£6.55	£6.68	£6.81	£6.95	£7.09	£7.23	£7.38
De-escalation index di_n	*109.3*	*111.7*	*114.0*	*116.6*	*119.3*	*122.0*	*124.8*	*127.7*	*130.6*	*133.6*
Effective De-escalation $\frac{1}{\frac{di_n}{di_1}}$	*100.0%*	*97.9%*	*95.9%*	*93.7%*	*91.6%*	*89.6%*	*87.6%*	*85.6%*	*83.7%*	*81.8%*
Authority Cost Real (*EACRn*)	*£6.00*	*£5.87*	*£6.71*	*£6.14*	*£6.12*	*£6.10*	*£6.09*	*£6.07*	*£6.05*	*£6.03*
Effective Discount $\frac{1}{(1+i)^{n-1}}$	*100.0%*	*96.6%*	*93.4%*	*90.2%*	*87.1%*	*84.2%*	*81.4%*	*78.6%*	*75.9%*	*73.4%*
NPV of EAC (£m)	*£6.00*	*£5.67*	*£6.27*	*£5.54*	*£5.33*	*£5.14*	*£4.95*	*£4.77*	*£4.60*	*£4.43*
Sum of NPV of Authority Cost (*EAC_{NPV}*) (£m)	*£52.69*									

6.4. For each Tender that is evaluated as being at or above the Aggregate Compliance Threshold (ACT) as set out in paragraph 6.2 for the TCS and is affordable to the Authority, the TCS and the Net Present Value (NPV) of the proposed solution's expected cost to the Authority will be used to calculate the MEAT score ('MEAT Score') of the Tender.

7. Stage 5 – Calculate MEAT Score

7.1. The MEAT Score of Tenders which have not been excluded in evaluation Stages 1 to 4 above will be calculated using the methodology set out below.

7.2. The Authority has determined that when considering the NPV of the EAC it is willing to pay £950,000 for a 1% increase (using a 0-100% scoring range) in the Tender Confidence Score (TCS) above the ACT. This is illustrated in Figure 2 (Illustrative MEAT graph) below. The £950,000 value for a 1% increase in the TCS (using a 0-100% scoring range) is the Willingness to Pay Gradient value.

Calculation of the Most Economically Advantageous Tender (MEAT)

7.3. Tender MEAT Scores are calculated as follows:

$$\text{MEAT Score} = EAC_{NPV} - (TCS * n)$$

Where:

EAC_{NPV} = *NPV of the EAC*

TCS = *Tender Confidence Score*

n = *the Authority's Willingness to Pay for a 1% increase in its confidence in a Tenderer's solution (£950,000)*

8. Identify Winning Tenderer

8.1. For Final Tenders, the Tender which has the lowest MEAT Score in accordance with the calculation at paragraph 7.3 is the MEAT and will be the Winning Tenderer.

8.2. MEAT scores shall be evaluated to the nearest pound Sterling. Should more than one Tenderer achieve the same MEAT Score to the pound Sterling then the Tenderer with the higher Technical Confidence Score will be identified as the Winning Tenderer.

Illustrative MEAT calculation

8.3. The values used in the illustrative MEAT Score calculation below are for illustration only and should not be taken as an indication of the Authority's assessment of the most likely EACs or the relationship between EACs and the Authority's confidence in Tenderers' technical response to the procurement.

8.4. The lines on the MEAT graph represents a line of indifference (or equality) relative to other tenders. All points on the line represent the same value for money to the Authority. For the purpose of the illustrative MEAT Score calculation, the following is assumed:

- Aggregate Compliance Threshold ('ACT') 55.9%

- Cost the Authority is prepared to pay for a 1% increase in confidence in a Tenderer's proposals above the ACT £950,000

8.5. The below table illustrates the MEAT calculation for the scenarios illustrated in the graph: Tender B1 is the Winning Tenderer. The tenders are ranked as set out in the final column of the table.

Tender	Tender Confidence Score (TCS) (%)	NPV of EAC (EAC_{NPV}) (£)	Calculation (£)	MEAT Score (£m)	Ranking #
B1	84.7	£70,410,000	£70,410,000 – (84.7 * £950,000)	-£10,055,000	*1*
B2	67.9	£63,450,000	£63,450,000 – (67.9 * £950,000)	-£1,055,000	*2*
B3	55.9	£60,280,000	£60,280,000 – (55.9 * £950,000)	£7,175,000	*3*
B4	67.9	£73,670,000	£73,670,000 – (67.9 * £950,000)	£9,165,000	*4*
B5	50.1	£51,450,000	£51,450,000 – (50.1 * £950,000)	£3,855,000	*Non-Compliant*[1]

[1] Tender may be deemed as non-compliant as the TCS does not meet or exceed the Authority's Aggregate Compliance Threshold (ACT) of 55.9%.

8.6. The MEAT graph below illustrates these scenarios graphically.

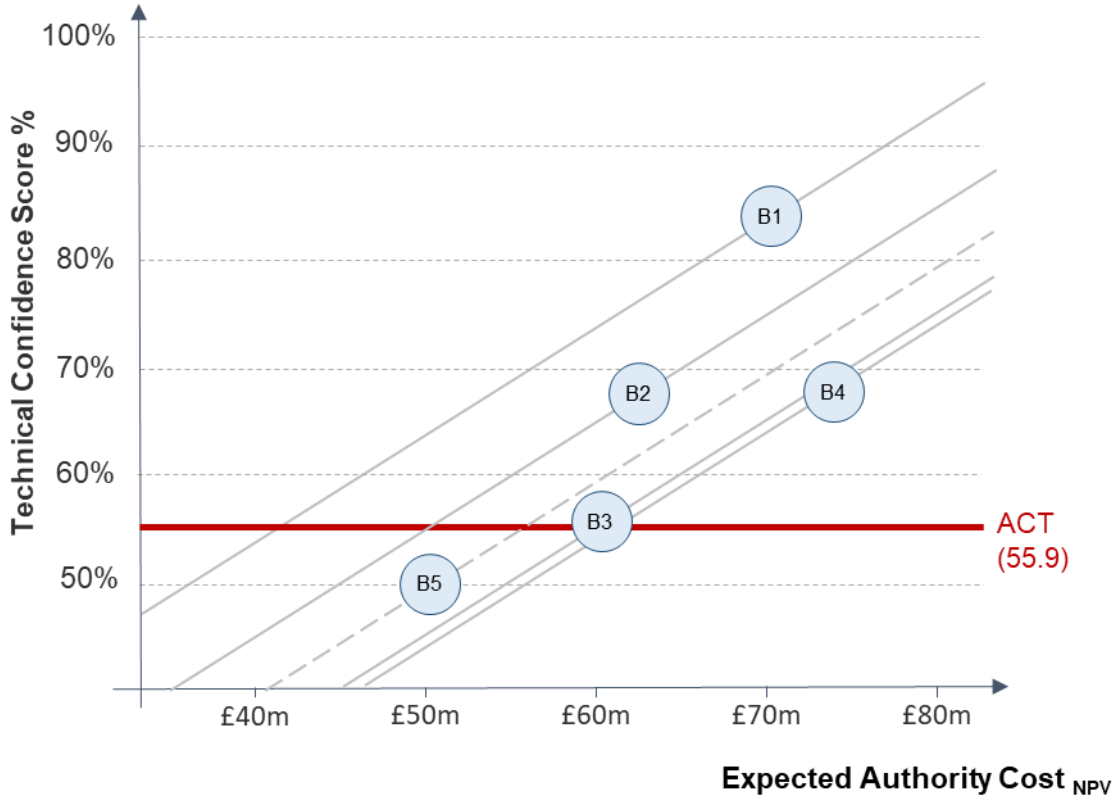

***Figure 2**. Illustrative MEAT graph*

9. Defined Terms

Defined terms used in this Section D:

Term	Definition
Authority's Affordability Profile	As set out at Appendix 4 to DEFFORM 47 Annex C (Affordability)
Aggregate Compliance Threshold (ACT)	As set out in paragraph 6.2, fifty-five-point-nine percent (55.9%)
Authority Cost	As set out in paragraph 4.3 b)
Authority Retained Costs	As set out in paragraph 4.6
Authority Retained Risks	As set out in paragraph 4.6
Expected Authority Cost (EAC)	As set out in paragraphs 4.15 to 4.18
MEAT Score	As set out in paragraph 7.3
Most Economically Advantageous Tender (MEAT)	The basis by which the Winning Tenderer will be selected as set out in paragraphs 8.1 to 8.2
Net Present Value (NPV)	As set out in paragraph 6.3
Net Present Value (NPV) of the Expected Authority Cost (EAC_{NPV})	As set out in Step 2 of paragraph 6.3
Requirements of Response (ROR)	The Requirements of Response are set out in Appendix 3 to DEFFORM 47 Annex C

Requirements of Response Compliance Threshold (ROR CT)	As set out in paragraph 5.2 Table 1 (Requirements of Response (ROR) Compliance Thresholds (Technical, Service Delivery and Social Value)
Tender Confidence Score (TCS)	As set out in paragraph 6.1
Tender Price	As set out in paragraph 4.3 a)
Willingness to Pay (WTP)	A mechanism for calculating the MEAT which allows consideration of how much the Authority is willing to pay for an increase in the Technical Confidence Score (TCS)
Willingness to Pay (WTP) Gradient	As set out in paragraph 7.2