

Price Evaluation

(See Section D2 Stage 2 of DEFFORM 47)

Price Evaluation

The Price Evaluation, which provides the Overall Price, will be based on a combination of:

1. the total price of Pricing Period 1:
 - 1.1 Schedule of Requirements Item 1 Activities to support transition to service.
 - 1.2 Schedule of Requirements Item 2 Monthly price for provision of a Fleet Helicopter Support Unit for each of the three Contract Years. Purely for the purposes of the price evaluation each of these monthly prices will be multiplied by 6 for Contract Year 1 and by 12 for Contract Years 2 and 3.

Example 1 for Pricing Period 1 and for illustrative purposes only:

Contract Year	Monthly Price	Multiplier	Evaluation Price
Transition Price	N/A	N/A	£4M
Contract Year 1	£500K	6	£3M
Contract Year 2	£500K	12	£6M
Contract Year 3	£500K	12	£6M
Pricing Period 1 TOTAL			£19M

2. the total price of Pricing Period 2:
 - 2.1 Schedule of Requirements Item 3 Fixed at Contract Year One (1) price levels. Monthly price for Provision of a Fleet Helicopter Support Unit. For the purposes of the price evaluation this monthly price will be multiplied by 30.
 - 2.2 Schedule of Requirements Item Nos. 5-9 inc. (Option Year 1 - 5) Fixed at Year One (1) price levels. For the purposes of the price evaluation this monthly price will be multiplied by 60.
3. the price for Schedule of Requirements Item 4 Additional Tasking Rates:
 - 3.1 Years 1 – 3 (Firm Prices) This will be calculated as in Appendix 1 to this Annex C and a worked example is below. The Tenderer shall complete Years 1 to 3 of Schedule 5 (Rates) and provide a combined profit and overhead rate that will be applied to the task. The representative task total price will be calculated for each of the first three Contract Years and the sum of the results included within the financial evaluation to calculate the overall value of the Tender.
 - 3.2 Year 2-5 (Fixed Prices) The representative task total price will be calculated utilising the Contract Year 1 rates and the combined overhead and profit rate. The result is then multiplied by 2.5 and the result included within the financial evaluation to calculate the overall value of the Tender.
 - 3.3 Option Years 1 to 5 (Fixed Prices) The representative task total price will be calculated utilising the Contract Year 1 rates and the combined overhead and profit rate. The result is then multiplied by 5 and the result included within the financial evaluation to calculate the overall value of the Tender.
 - 3.4 If there are additional labour roles within a Tenderer's submission of Schedule 13, these will not be included within the representative task assessment and shall not be included in any resulting contract.

4. together with a price for:

- 4.1 10% Overfly for each year of service delivery (years 1-10) – Explanation in Paragraphs 4.3 to 4.5 below.
- 4.2 10% Underfly for each year of service delivery (years 1-10) – Explanation in Paragraphs 4.3 to 4.5 below.

(Calculated in accordance with the rates at Schedule 4 of the Contract)

- 4.3 The number of annual flying hours stated within Schedule 1 (Statement of Requirement) is 500.
- 4.4 In accordance with Clause 17 of the Contract, the Authority may multiply each Flying Hour under 500 by the Underfly hourly rate in Schedule 13 (Rates). Additional Flying Hours shall be priced using the Overfly hourly rates in Schedule 13 (Rates).
- 4.5 For this price evaluation the price for 10% (50 hours) Underfly and 10% (50 hours) Overfly will be used (for each year of service delivery, including any Option Years) to provide the Evaluation Price; Notwithstanding this the exception is Contract Year 1 which shall be 25 hours for each Overfly and Underfly.

The Authority reserves the right to exclude tenderers who do not provide reasonable rates from the competition. Reasonableness will be considered in accordance with applicable industry rates and rates within other MOD Contracts.

The prices and rates in the worked example of the Price Evaluation below for illustrative purposes only:

1. Firm Prices (Pricing Period 1) and Fixed Prices (Pricing Period 2) All Schedule of Requirements Nos.

SoR Item No. 1 - £4M

SoR Item No. 2 - £500,000 monthly rate for Contract Year 1; £550,000 for Contract Year 2; £600,000 for Contract Year 3.

SoR Item No. 3 – As per SoR Item No. 2 Contract Year 1

SoR Item No. 5-9 inclusive – As per SoR Item No. 2 Contract Year 1

SoR Item No. 4 as below:

Rates Sample Task:

Ad-Hoc Rates	Hours Per Year	Yr 1 Rates (per hour)	Yr 2 Rates (per hour)	Yr 3 Rates (per hour)	Total (£) Years 1 to 3	Pricing Period 2 and Option Years use Year 1 rates	Hours Per Year multiplied by 7.5 years	TOTAL Price Evaluation for SoR Item No. 4
Engineering / Technician	200	£ 50.00	£ 50.00	£ 50.00	£ 30,000.00	£ 50.00	£ 75,000.00	£105,000.00
Project Manager	200	£ 40.00	£ 40.00	£ 40.00	£ 24,000.00	£ 40.00	£ 60,000.00	£84,000.00
Commercial	200	£ 40.00	£ 40.00	£ 40.00	£ 24,000.00	£ 40.00	£ 60,000.00	£84,000.00
Combined Overheads and Profit Rate		15%			£ 11,700.00		£ 29,250.00	£ 40,950.00

Totals					£ 89,700.00		£ 224,250.00	£ 313,950.00
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Table 1

Table 1 above shows the sample task which has been populated with example hours, rates, overheads and profit and is provided for illustrative purposes only to be used in this worked example.

Pricing Period 1		
Schedule of Requirements Item	Monthly Price if applicable	Total
Schedule of Requirements Item 1:		£4,000,000
Schedule of Requirements Item 2:	Contract Year 1	£3,000,000
Schedule of Requirements Item 2:	Contract Year 2	£6,600,000
Schedule of Requirements Item 2:	Contract Year 3	£7,200,000
Sample Rates Task at Table 1 (Contract Years 1 to 3 inc.):		£89,700.00
Total:		£20,889,700

Table 2

Pricing Period 2 and Option Years

Schedule of Requirements Item	Monthly Price if applicable	Total
Schedule of Requirements Item 3:	£500,000 Monthly Firm Price	£15,000,000
Schedule of Requirements Items 5 – 9 inclusive:	£500,000 Monthly Firm Price	£30,000,000
Sample Rates Task at Table 1 (Contract Years 1 to 3 inc.):		£224,250.00
Total:		£45,224,250.00

Table 3

2. Overfly and Underfly

3.1 Underfly

Tenderer A completes Schedule 4 with Underfly rates for Pricing Period 1:

Pricing Period 1	
Underfly Rate (Year 1):	£1,000.00

The Price of Underfly for each year of support is then calculated:

Year	10% hours per year	Hours Per Period	Rate	Deduction for Underfly per year (£)
Contract Year 1 (assuming six months of Service Delivery)	25	25	£1,000.00	-£25,000.00

Contract Year 2	50	50	£1,050.00	-£52,250.00
Contract Year 3	50	50	£1,100.00	-£55,000.00
Pricing Period 2 (assuming 2.5 years of Service Delivery)	50	125	£1,000.00	-£125,000.00
Option Years 1 to 5	50	250	£1,000.00	-£250,000.00
			Total	-£507,250.00

Table 6

3.2 Overfly

Tenderer A completes Schedule 13 with Overfly rates for Pricing Period 1:

Pricing Period 1	
Schedule of Requirements Item 2.1 (Year 1):	£2,000.00

Table 7

The Price of Overfly for each year of support is then calculated:

Year	10% hours per year	Hours Per Period	Rate	Price for Overfly per year (£)
Contract Year 1 (assuming six months of Service Delivery)	25	25	£2,000.00	£50,000.00

Contract Year 2	50	50	£2,100.00	£105,000.00
Contract Year 3	50	50	£2,200.00	£110,000.00
Pricing Period 2 (assuming 2.5 years of Service Delivery)	50	125	£2,000.00	£250,000.00
Option Years 1 to 5	50	250	£2,000.00	£500,000.00
			Total	£1,015,000.00

Table 8

3. Price Evaluation:

A Price Evaluation is completed to provide Tenderer A's Overall Bid Cost:

Description	Price £ (ex VAT)
Pricing Period 1 Firm Price	£20,889,700
Pricing Period 2 Fixed Price	£45,224,250
Underfly	-£507,250
Overfly	£1,015,000
Overall Bid Cost	£66,621,700