

VRTS DPQQ Evaluation Guide

Contracting Authority

The Flight Simulators & Synthetic Training (FsAST) Project Team

MOD Abbey Wood

Bristol

BS34 8JH

Requirement

Virtual Rear Crew Training System (VRTS)

Reference

Contract ID: 701228377

PQQ Issue date

7 December 2022

Return time and date

20 January 2023 at 23:59

Note: PQQ responses can only be accepted via the on-line portal at the Defence Sourcing Portal
www.contracts.mod.uk

1. Introduction

- 1.1. This document is provided as a guide to how responses to the Virtual Rear crew Training System (VRTS) DPQQ will be evaluated.
- 1.2. Following completion of the evaluation, the five highest scoring potential providers shall be short listed and invited to tender stage. In the event that potential providers receiving the same score take the total number above five, the Authority reserves the right to invite further potential providers to tender.
- 1.3. Please ensure that you complete the questionnaire as required. Failure to do so may result in your application to participate in the procurement procedure being disqualified. Additionally, where a word count is specified in the PQQ on DSP, any words that exceed this limit, will not be taken into account.
- 1.4. The Authority reserves the right to request additional information as part of this process.
- 1.5. Please answer every question in English. If any of the required information (e.g. text in financial accounts) is not in English, you must supply a copy of the original document and an English translation of that information.
- 1.6. Where financial information is quoted in figures other than pounds sterling; the sum should be stated in both the original currency and pounds sterling. You should use exchange rates quoted (by national central banks, international institutions or commercial banks operating in the foreign exchange market) on the day this PQQ was issued for all currency conversions, and you must state the exchange rate used in your response.
- 1.7. You must inform the Authority in writing to the Authority Point of Contact of any material changes to the information provided as part of this PQQ as soon as you become aware of the change.

2. The following definitions are used in this document:

- 2.1. "Authority" means the Flight Simulators & Synthetic Training (FsAST) team which is part of the UK Ministry of Defence.
- 2.2. "You" or "Your" or the "Potential Provider" means the business or company which is completing this PQQ.

3. Clarification Process

- 3.1. The cut-off time for clarification questions is 17:00hrs on 6 January 2023. The Authority reserves the right not to respond to queries submitted after this date.
- 3.2. Clarification questions need to be issued utilising the DSP.
- 3.3. Once a question has been submitted the Authority will consider any question or request for clarification to be of material significance to the procurement process. The Authority may communicate both the query and the response, without identifying the originator, to all Potential Providers who are participating in the process. The Authority will endeavour to respond within 2 working days.
- 3.4. If you do not wish for a query or response to be disclosed to other Potential Providers you must tell the Authority this, and the reason why when raising the query. The Authority will consider the request and may choose to discuss with you whether it is appropriate to disclose the query or the response, or both, to other Potential Providers. In cases where the Authority would disclose the question and the answer to other Potential Providers you will be entitled to withdraw the question.

4. Selection of Potential Suppliers

- 4.1. During the PQQ stage, the intention is to establish a short list of five qualified Potential Providers to proceed to the Invitation to Negotiate (ITN) Stage. The PQQ will be evaluated in two Stages.

4.2. Stage 1: Qualification Envelope (Pass/Fail)

- 4.2.1. A number of Pass/Fail questions which will be assessed by the Authority as either Pass or Fail. The Potential Provider must Pass all questions in Part 1 of the PQQ in order to be taken through to Stage 2.
- 4.2.2. For the purposes of Part 1: Form D - Economic and financial standing section of the PQQ, A financial assessment that is proportionate to the proposed contract will be undertaken on the supplier's financial status. An overall pass / fail judgement will be made after considering areas such as turnover, profit, net assets, liquidity, gearing and capacity. This assessment will include the Parent company, where applicable. An independent financial assessment obtained from a reputable credit rating organisation may be utilised as part of this process.
- 4.2.3. Details of the Economic and Financial standing evaluation criteria are set out at Annex A to this DPQQ Guidance document: Annex A - Economic and Financial DPQQ Evaluation Criteria to VRTS DPQQ Guidance Document.
- 4.2.4. The Authority reserves the right to exclude a Potential Provider if the estimated average annual contract value is greater than 25% of the Potential Providers turnover, except where the Potential Provider provides, to the satisfaction of the Authority, evidence showing it has sufficient economic and financial capability.
- 4.2.5. Note: Tenderers may be asked to provide information on:
- a. any material changes in their economic or financial standing since the date of the last set of audited accounts or likely to take effect within the next twelve months;
 - b. any existing or proposed financial commitments or liabilities that could adversely affect their economic and financial standing.

4.3. Stage 2: Technical Envelope

- 4.3.1. This Section has a combination of Pass/Fail and scored questions.
- 4.3.2. The Pass/Fail questions must achieve a Pass. If a Potential Provider achieves a Fail against any of these questions the scored questions shall not be assessed.
- 4.3.3. The scoring methodology is explained in the PQQ Document marked 'PQQ Scoring Methodology' and must be used in conjunction with this document when answering the PQQ Questions on the DSP
- 4.3.4. Where a question is scored the Authority Subject Matter Experts (SMEs) will review the responses and supporting evidence provided by the Potential Provider to each question and apply the scoring methodology captured in the PQQ Scoring Methodology document. The Authority requires Potential Providers to demonstrate a minimum capability in certain areas.
- 4.3.5. The Authority will score the Potential Provider's response to each question based on its assessment of the evidence provided by the Potential Provider, and only the information provided for that specific question will be evaluated. Evidence will not be drawn from elsewhere in the PQQ, from prior knowledge of the Potential Provider's work, or evidence which is not included in the response to the question. Therefore, it is essential that the Potential Provider provides all of the relevant information for each question and does not rely on the Authority being able to access any other information.
- 4.3.6. A total score for each Potential Provider will be calculated by adding together the individual question scores achieved by the Potential Provider.

4.3.7. The Authority will invite up to a maximum of five Potential Providers to ITN Stage.

4.3.8. In the event that there is a tie the Potential Provider with the highest score in the highest threshold question (HFI) will be taken through. If there remains a tie the same process will be followed for the next highest threshold questions until there is a winner.

4.3.9. In the event that there is still a tie these Potential Providers will all be invited to the ITN Stage.

4.3.10. The Authority intends to inform Potential Providers if they have been successful at PQQ Stage in February 2023. If a Potential Provider has been unsuccessful, the Authority will provide information on the basis of that decision. It is the Authority's intention to release the ITN to the selected potential suppliers in March 2023.

5. Cyber Security

5.1. For the purposes of Cyber Security (included in the DSP PQQ Qualification Questions (1.13) this requirement has been assessed as follows:

Risk Assessment Reference: **RAR-422299189**

Cyber Risk Profile: **Very Low**

6. Verification of Information Provided

- 6.1. You may be asked to clarify your answers or provide more details about certain issues as required by the Authority.

7. Right to Reject and/or Disqualify

- 7.1. The Authority reserves the right to reject or disqualify a Potential Provider if:
- a. the PQQ response is submitted late, is completed incorrectly, is incomplete or fails to meet the Authority's submission requirements in the PQQ or as otherwise notified to Potential Providers prior to the deadline for submission of PQQ responses;
 - b. the Potential Provider would be excluded under Regulation 23 of the DSPCR 2011 (Criteria for the Rejection of Economic Operators) at any stage during the pre-qualification and evaluation process;
 - c. the Potential Provider is guilty of serious misrepresentation in relation to its application and / or the process;
 - d. following pre-qualification of a Potential Provider for the next stage of the procurement there is a change in identity, control, financial standing or other factor affecting the Potential Provider unless approved by the Authority;
 - e. the Authority becomes aware that information provided by the Potential Provider in response to the PQQ is intentionally or unintentionally false, misleading or incorrect.

8. Right to Cancel or Vary the Process

- 8.1. The Authority reserves the right:
- a. to cancel the pre-qualification process and evaluation process at any stage;
 - b. not to award a contract as a result of the procurement process.

9. Conflicts of Interest

- 9.1. The Authority needs to eliminate or mitigate conflicts of interest so as to ensure a fair and non-discriminatory procurement process.
- 9.2. Potential Providers should declare if they have any potential conflict of interest in relation to an associated company or member of any consortium or proposed sub-contractor.

10. PQQ Documents

- 10.1. Whilst prepared in good faith, the PQQ Documents are intended only as a preliminary background explanation of the Authority's activities and plans and are not intended to form the basis of any decision on whether to enter into any contractual relationship with the Authority. The PQQ Documents do not purport to be all inclusive or to contain all of the information that a Potential Provider may require in the performance of a contract.

11. Costs and Expenses

- 11.1. Potential Providers are responsible for their costs and expenses incurred in connection with the preparation and submission of the PQQ and all future stages of the selection and tender evaluation process. The Authority, or any of its advisers, does not accept any liability in respect of this PQQ or any supporting documentation or liability for any costs or expenses borne by the Potential Provider or any of their Sub-Contractors or advisers in this process.

12. Return of this PQQ

- 12.1. Please submit your PQQ response via the Defence Sourcing Portal (DSP) no later than 23:59 on 20 January 2023. The online PQQ portal will automatically close at this time and cannot be re-opened.
- 12.2. PQQ responses received in any form other than via the DSP will not be considered by the Authority.

13. Authority Point of Contact for all queries

- 13.1. Please issue any queries to:

Julia.kellett141@mod.gov.uk

Annex A

Annex A - Economic and Financial DPQQ Evaluation Criteria to VRTS DPQQ Guidance Document.

1. Part 1 Form D: Economic and Financial Standing Evaluation

Questions relating to economic and financial standing

1.1. Each Potential Provider Entity must provide responses to questions 1.10 in order for the Authority to carry out its financial health assessment. If a Potential Provider Entity fails to provide the requested information, the Authority shall exclude the Potential Provider from further participation in the Procurement.

Evaluation of economic and financial standing.

1.2. The Authority will use the information provided in the responses to questions at 1.10 to assess the financial standing of each Potential Provider Entity in accordance with the qualification standards set out in Figure 1 below. The resulting assessment will lead to a PASS/FAIL evaluation based on whether the Potential Provider Entity has demonstrated, through meeting the qualification standards, that it has sufficient economic and financial standing to provide services of the technical scope and scale of the Contract. Subject to paragraphs 1.3, 1.4 and 2, the Authority reserves the right to exclude a Potential Provider Entity that does not meet the qualification standards set out in Figure 1 below.

Assessment	Methodology	Qualification standard
All financial information	The Authority will review all financial information obtained from the response provided to questions 1.10, the Potential Provider Entity accounts and the Company Watch credit rating check in order to establish a holistic view of the state of the Potential Provider Entity's financial health.	Failure to provide the financial information requested in this DPQQ will result in the Potential Provider Entity failing to meet this qualification standard.
Turnover	The Authority will review each Potential Provider Entity's turnover for the three full financial years prior to the date of this DPQQ.	If the estimated annual contract value for this procurement exceeds fifty per cent. (50%) of a Potential Provider's annual turnover, the Potential Provider may not meet this qualification standard unless the Potential Provider provides, to the satisfaction of the Authority, evidence showing it has sufficient economic and financial capability. Where the Potential Provider Entity intends to provide all or some of the Contract's services via a joint-venture company, Consortium Member, or other special purpose vehicle, the Authority will apply the assessment equally to the Potential Provider Entity. Accordingly, where the value of a Potential Provider Entity's intended contractual obligations and financial liabilities exceeds 50% of its annual turnover, the Potential Provider Entity may not meet this qualification standard.
Liquidity ratios	A Potential Provider Entity's current assets are divided by current liabilities to establish if there are sufficient assets to cover all of the Potential Provider Entity's liabilities as	The Authority requires a Potential Provider Entity to have: <ul style="list-style-type: none">• a minimum current ratio of 1.0; and• a minimum acid test ratio of 0.8. If these ratios are not met, the Potential Provider Entity may not meet this qualification standard.

Assessment	Methodology	Qualification standard
	they fall due over the course of one year.	
Company Watch	Company Watch "H-Score" (an overall measure of a business' financial health – for more information, see www.companywatch.net/analytiks-insight/h-score).	If a Potential Provider Entity does not have a score of 20 or above, the Potential Provider Entity may not meet this qualification standard.

Figure 1: Economic and financial standing qualification standards

1.3. If a Potential Provider Entity meets all of the qualification standards set out in Figure 1 above they will be awarded a PASS. Subject to paragraph 1.4 below, if a Potential Provider Entity does not meet one or more of the qualification standards set out in Figure 1 above, the Authority may award a FAIL for this evaluation.

1.4. The Authority may choose not to award a FAIL despite a Potential Provider Entity not meeting a qualification standard if:

1.4.1. the Potential Provider Entity can provide a parent company guarantee that:

1.4.1.1. meets the requirements set out in paragraph 2 below; and

1.4.1.2. in the Authority's opinion, gives the Authority sufficient comfort that the risks associated with the Potential Provider not meeting the qualification standard(s) will be effectively managed by the guarantee; and/or

1.4.2. the Authority considers that there are appropriate mitigating factors demonstrating that the reason(s) behind not meeting the qualification standard(s) are either:

1.4.2.1. unlikely to recur; or

1.4.2.2. unlikely to expose the Authority to a significant degree of risk if a contract were to be awarded to the Potential Provider at the end of the procurement.

2. Parent company guarantees and bank Guarantees

2.1. The Authority may also require a parent company guarantee from a Potential Provider Entity's ultimate parent company. The Authority may require this in a number of circumstances, including where:

2.1.1. There is a failure to meet one or more of the qualification standards described at paragraph 1.2 above;

2.1.2. The Potential Provider Entity that would contract with the Authority is a dormant or "shell" company for an intermediary company;

2.1.3. The contracting entity would be a joint venture company, Consortium Member, or other special purpose vehicle; or

2.1.4. The contracting entity otherwise:

2.1.4.1. Has no adequate financial track record that the Authority is able to assess; or

2.1.4.2. Lacks the financial capacity required to perform the services provided under the Contract but is otherwise, in the Authority's opinion, financially sound.

2.2. The financial standing of any such parent company will be assessed in the same way as if the parent company were a Potential Provider Entity .

Where a Potential Provider Entity does not have an ultimate parent company, the Authority may request a bank guarantee be obtained instead.