Provision and Support of Self-Contained Air Diving Equipment (SCADE) 711234451 – Scoring Guidance for the Qualification Envelope (Financial)

1. Each Potential Supplier must provide responses to questions 1.9.1 – 1.9.8 in order for the Authority to carry out its financial health assessment. If a Potential Supplier fails to provide the requested information, the Authority shall exclude the Potential Supplier from further participation in the Procurement.
2. The Authority will use the information provided in the responses to questions in Section 1.9 to assess the financial standing of each Potential Supplier in accordance with the qualification standards set out in Table 1 below.
3. The resulting assessment will lead to a PASS/FAIL evaluation based on whether the Potential Supplier 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 SCADE project. The Authority reserves the right to exclude a Potential Supplier that does not meet the qualification standards set out in Table 1 below.

## Table 1: Economic and financial standing qualification standard

| **Assessment** | **Methodology** | **Qualification standard** |
| --- | --- | --- |
| All financial information | The Authority will review all financial information obtained from the responses provided to questions in Section 1.9 Potential Supplier accounts and the Company Watch credit rating check in order to establish a holistic view of the state of the Potential Suppliers financial health. | Failure to provide the financial information requested in this DPQQ will result in the Potential Supplier failing to meet this qualification standard. |
| Turnover | The Authority will review each Potential Suppliers 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 Suppliers annual turnover, the Potential Supplier will not meet this qualification standard.  Where the Potential Supplier intends to provide all or some of SCADE services via a joint-venture company, Consortium Member, or other special purpose vehicle, the Authority will apply the assessment equally to the Potential Supplier  Accordingly, where the value of a Potential Suppliers intended contractual obligations and financial liabilities exceeds 50% of its annual turnover, the Potential Supplier will not meet this qualification standard. |
| Liquidity ratios | A Potential Supplier current asset are divided by current liabilities to establish if there are sufficient assets to cover all of the Potential Supplier s liabilities as they fall due over the course of one year. | The Authority requires a Potential Supplier to have:   * a minimum current ratio of 1.0; and * a minimum acid test ratio of 0.8.   If these ratios are not met, the Potential Supplier will not meet this qualification standard. |
| Company Watch | Company Watch "H-Score" (an overall measure of a business' financial health – for more information, see [www.companywatch.net/analytics-insight/h-score](http://www.companywatch.net/analytics-insight/h-score)). | If a Potential Suppler does not have a score of 20 or above, the Potential Supplier will not meet this qualification standard. |
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1. If a Potential Supplier meets all of the qualification standards set out in Table 1 above, they will be awarded a PASS.
2. Subject to paragraph 6 below, if a Potential Supplier 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.
3. The Authority may choose not to award a FAIL despite a Potential Supplier not meeting a qualification standard if:
   1. the Potential Supplier can provide a parent company guarantee that:

meets the requirements set out in paragraph 7 below; and

* 1. in the Authority's opinion, gives the Authority sufficient comfort that the risks associated with the Potential Supplier not meeting the qualification standard(s) will be effectively managed by the guarantee; and/or
  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. unlikely to recur; or
     2. unlikely to expose the Authority to a significant degree of risk if a contract were to be awarded to the Potential Supplier at the end of the procurement.

1. The Authority may also require a parent company guarantee from a Potential Supplier ultimate parent company. The Authority may require this in a number of circumstances, including where:
   1. There is a failure to meet one or more of the qualification standards described at paragraph table 1 above.
   2. The Potential Supplier that would contract with the Authority is a dormant or "shell" company for an intermediary company.
   3. The contracting entity would be a joint venture company, Consortium Member, or other special purpose vehicle; or
   4. The contracting entity otherwise:
      1. Has no adequate financial track record that the Authority is able to assess; or
      2. Lacks the financial capacity required to perform the services provided under SCADE but is otherwise, in the Authority's opinion, financially sound.
2. The financial standing of any such parent company will be assessed in the same way as if the parent company were a Potential Supplier
3. Where a Potential Supplier does not have an ultimate parent company, the Authority may request a bank guarantee be obtained instead.