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**UK Ministry of Defence (MoD)
and
Thales Training Solutions**

**Bid & Proposal Costs - RAF Centre
for Aviation Medicine (RAF CAM)**

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DOCUMENT APPROVAL

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1. Overview and Scope

1.1 This document details the approach to Bid and Proposal costs between the UK Ministry of Defence (MoD) - hereinafter referred to as “the Authority” - and Thales Training Solutions - “the Tenderer” - for the RAF Centre of Aviation Medicine (RAF CAM) requirement under reference 701577386.

1.2 For the purposes of this document, Bid and Proposal costs shall mean those costs:

- reasonably incurred in pursuit of the anticipated award of a Qualifying Defence Contract (QDC) for the RAF Centre of Aviation Medicine (RAF CAM) requirement under reference 701577386 only;
- for work required to develop a compliant bid in response to the Authority’s Invitation To Negotiate (ITN) and subsequent negotiation through to Contract Award - excluding marketing and/or sales costs;
- managed within a Not To Exceed (NTE) Limit of Liability (LoL) to be agreed between the Parties;
- subject to a determination that they are Allowable i.e. Appropriate, Attributable and Reasonable (AAR); and
- necessarily incurred following the agreement and approval of this document by the Parties i.e. shall not apply to any such costs incurred by Thales Training Solutions prior to the commencement of this agreement for work completed or in-progress.

1.3 This document shall not take precedence over any equivalent or similar terms expressed or implied within an existing contract, but rather is intended to complement where appropriate.

2. Objectives and Ways of Working

2.1 The Parties agree to:

- work together collaboratively and proactively to deliver a Value For Money (VFM) solution to the requirements detailed in the ITN, always acting reasonably and in good faith;
- enter all discussions on a ‘Subject to Contract’ and ‘Without Prejudice’ basis, noting that any information provided does not constitute a formal commitment on behalf of the Authority;

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- operate within a clear governance structure, maintaining configuration control of all relevant documentation and formal correspondence including appropriate classification;
- raise and respond to all Clarification Questions (CQ's) - including requests for site visits or those associated with the Requirement and ITN documentation - through the Defence Sourcing Portal (DSP);
- ensure that any agreed site visits to RAF Henlow or RAF Cranwell by the Tenderer's bid team - including any meetings with Authority staff based at those locations - are accompanied by a member of the Authority's FsAST team and will not take place if such cover is reasonably unavailable; and
- hold a weekly 'drumbeat' meeting with a formal agenda issued by the Tenderer on the Thursday prior to the meeting to ensure appropriate attendance - with Minutes to be issued by the Tenderer detailing all actions and agreements for endorsement by the Authority.

3. Bid and Proposal Costs - Process

3.1 The Tenderer shall provide the Authority with a written estimate of its total forecast Bid and Proposal costs, noting the agreement of a Not To Exceed (NTE) Limit of Liability (LoL) of one million pounds sterling (£1M).

3.2 A monthly report of the Tenderer's Bid and Proposal costs (incurred in arrears for the preceding calendar month) shall be provided to the Authority, including details of the remaining balance against the agreed NTE LoL. This report shall include a full breakdown of the costs with such supporting evidence as may be necessary to demonstrate that these are Allowable in accordance with the latest published guidance from the Single Source Regulations Office (SSRO).

3.3 Payment for all Bid and Proposal costs incurred by the Tenderer shall be made at Contract Award - following submission of a final invoice by the Tenderer. The Tenderer is responsible for providing a Milestone Payment Plan in accordance with the DEFFORM 47ST Instructions reference F21. The Bid and Proposal Costs shall constitute the first Milestone of Part 1 Stage 1 of the Contract in accordance with the Terms and Conditions therein. The applicable Profit Rate for Bid and Proposal costs shall be calculated in accordance with the 6-step formula published by the Single Source Regulations Office (SSRO).

3.4 In the event of any of the following - or similar circumstances - where the tender process under reference 701577386 does not complete through to contract award:

- i. the tender process is terminated or amended by the Authority for any reason; or
- ii. the Parties mutually agree to terminate the tender process on the basis that there

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is no viable, affordable solution available - nor any reasonable prospect of resolution through continuation of the tender process; or

iii. the Tenderer decides to withdraw from the tender process on the basis that there are material differences between the commercial positions of either Party and there is no reasonable prospect of resolution through the continuation of the tender process;

the Authority shall reimburse such Bid and Proposal costs incurred, subject to those costs being Allowable. Furthermore, noting that such costs are not permitted to be recovered indirectly against other non-competitive contracts, the Authority shall request the Tenderer to submit a cost statement detailing the Allowable costs incurred - which the Authority shall have the right to review before notifying the Tenderer of the means by which to make any final agreed settlement.

3.5 Prior to any decision by the Tenderer to withdraw from the tender process, the Tenderer must engage with the Authority in good faith to seek resolution of any outstanding issues and/or to articulate its concerns. In the event that the Tenderer decides not to proceed with the tender process for any reason, or does not engage with the Authority prior to a decision to withdraw from the tender process, the Authority shall not be obliged to reimburse any of the Tenderer's Bid and Proposal costs - either directly or through indirect cost recovery methods.

3.6 Where any aspect of the Tenderer's submission is not compliant with the requirements set out in the ITN or subsequent formally agreed Amendments to the ITN, any costs associated with rework or resubmission to achieve compliance shall not be recoverable as reasonable Bid and Proposal costs unless such non-compliances have been notified to the Authority as subject to agreement during the tender process. The Tenderer is to provide evidence that such rework or re-submission related costs have been removed from any Bid and Proposal cost claim.

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