

Guidance on the Completion of the Financial Model (FM) / Contract Cost Model

Introduction

The following pages are intended to provide guidance on completion of the Financial Model / Contract Cost Model. If any further guidance is required during completion then please contact the Authority project point of contact.

The sheets have all been locked down and password protected, with the exception of the bright yellow and light blue cells which are enabled for entry of Bidder inputs. Those cells highlighted in bright yellow are intended for the input of figures and those cells in light blue are intended for the input of text information or figures not part of a calculation. Other than the two summary sheets and the [Craft Staffing Levels](#) sheet all other sheets are enabled for insertion of additional rows should that be required; and in the [Staff Capitation](#) sheet the ability to insert columns has also been enabled. When additional rows or columns are inserted it is recommended that this is done toward the centre of the area within which the additional rows are required to ensure formats are preserved.

In the event that Bidders encounter an issue with the model they are to contact the Authority project point of contact as soon as possible to discuss and determine a way forward, this can then be actioned as a revision to the models issued to all Bidders.

Many of the sheets have pre-entered descriptive text in the input cells shaded in light blue, these are for illustrative purposes only and can be overwritten for the Bidder's own entry descriptors.

All costs associated with the Bidder's proposal for meeting the RSACT service requirements should be entered into the model. The only exclusions are:

- **Fuel.** In the main, commercial fuel will be arranged by the successful contractor and charged at cost back to the Authority. The Authority will provide fuel for vessels operating out of Plymouth.

Escalation. All costs input into the model are to be at the Year 1 price level. The first 3 years' prices are to be 'Firm' ie following initial price agreement at contract award they will not be subject to variation in any respect during that first 3 years, other than as allowed for in the contract change clause (clause 18). Bidders will need to assess and build into their costs any element of inflation for years 2 and 3 using **cells G38 and H38** in the firm price indexation percentage row of the [Top Level Summary](#) sheet; these cells have been initially set at 0% by the Authority. From year 4 the 'Total Contract Price' line in row 30 of the Top Level Summary will be uplifted for inflation by a single inflation factor provided by the Office for National Statistics (ONS) Data Stream K8ZU - 'Services Producer Price Indices (SPPI) - All Services Gross Sector'. For the purposes of the bidding process the input inflation factors for years 4 and 5, and the option years 6 and 7 have been pre-set by the Authority to provide for a common baseline during bid cost comparisons.

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Costs at the baseline Year 1 level are to be entered for all years including the two option years. The only exception to this is the Additional or Replacement RHIB line which is not uplifted for inflation. Any financing arrangement for such RHIBs across the contract term will therefore need to take this into consideration.

Where required for clarity, a short commentary on entries is to be made on the notes tab of the spreadsheet with any further amplification made as part of the proposal documentation.

Top Level Summary Sheet (light green tab)

- The only inputs required for the **Top Level Summary** sheet are those in the bright yellow highlighted cells and are as follows:
 - The intended percentage profit mark-up at row 27 – **cells E27 to J27 and cells L27 to M27**.
 - Any funding of Additional or Replacement RHIBs should be entered in **cells F21 to J21**. This is to be written down across the main contract period (Years 1-5); and if not then some arrangement for dealing with the residual value is to be addressed within the Bidder's proposal. Bidders should note that any RHIBs purchased to meet the contract outputs and funded through the CUC will be transferred to the Authority's ownership either at the beginning or end of the contract term. Bidders should also note that the Additional or Replacement RHIB line is not uplifted for inflation and any financing arrangement for such RHIBs across the contract term will need to take this into consideration.
 - The assumed firm price indexation percentage used to cover inflation for years 2 and 3 of the three year 'firm price' period is to be entered in **cells G38 and H38** (currently set at 0%).
 - At the end of contract year 3, the contract year 4 through year 7 costs will be uplifted by the single ONS Data Stream K8ZU services inflation factor as determined from the ONS inflation factor for quarter 4 of contract year 3 and then quarter 4 of each of the following years. This will be put into effect during the contract period by the Contractor agreeing the uplift factors with the Authority and entering the agreed indexation factors from the ONS data stream into **cells F43 to J43**, and for the option years, **cells L43 and M43**. The baseline inflation factor will be the ONS K8ZU factor for quarter 4 of FY17/18, the indexation figure to apply will be agreed with the Authority and input into **cell E44** by the successful contractor. All these cells are currently showing a forecast figure entered by the Authority and will remain as currently entered to allow for a common baseline across the model during bid cost comparisons.
 - **The Total price for the 7 year period will be output at cell N32. This will be the Authority's primary price comparison point and this should not be more than £40.8M to be a compliant bid.**

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Detailed Summary Sheet (light green tab)

- There are two input rows elements for this sheet:
 - Risk costs at **rows 14, 22, 32, 40 and 47**. This is to be done by direct entry into the bright yellow highlighted cells. Provide a comment in the notes sheet explaining the basis for any risk costs. This will need to be supported by a full risk register to identify pre and post mitigation action, probability and impact.
 - Redundancy costs at **rows 15 and 23**. This is to be done by direct entry into the bright yellow highlighted cells. Provide a comment in the notes sheet explaining the basis for any redundancy costs. This will need to be supported by appropriate narrative in your tender response. It is recognised that cost figures for redundancy can only be estimated at this stage and will need to be refined with the Preferred Bidder at a later stage in the bidding process.

Manpower Costs

Staff Capitation (Lilac coloured tab, far right-hand end of the sheets)

This is recommended to be the first entry sheet and requires that Bidders determine and enter the following information and data:

- the title of the different posts and grades they require for delivery of the services.
- the Basic Annual Pay for each of the chosen posts and grades identified.
- any Car Allowance intended.
- the 'On-Costs' – ie those elements relating to NI, Pensions etc. Please note that unused Management Post and Sea Grade rows will pick up some of the 'Contract Management Pay Factors' and 'Vessel Crew Pay Factors' input into **cells U10 to U20 and U29 to U39**. This should not pose a problem as it should not be carried forward into the main manpower cost areas if it has not been identified as a Post or Grade to be used.
- the relevant 'Contract Management Pay Factors' relating to NI, Pensions etc.

All cells have been 'locked' with the exception of those in bright yellow and light blue.

NB. Some of the contract administration functions may be undertaken as part of a head office output, and it may be decided to include these costs within any 'Indirect Overhead'. This should be indicated with a comment and supported by a suitable narrative to be provided with the model. Where a company uses QMAC or an equivalent then this should be used to support any proposals in this area.

The information on management and administrative posts is automatically fed into the **Contract Management** sheet from the **Staff Capitation** sheet.

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Craft Staffing Levels (lilac coloured tab)

This entry sheet requires that Bidders determine the number of crew and their grades for each vessel it is intended to operate. Background information is to be inserted in the blue area for each vessel. In the bright yellow areas Bidders should paste in the grades they require for each craft as copied from the [Staff Capitation](#) sheet. The 'Annual Pay' for each grade will be populated automatically for the chosen grade using an excel lookup function in the 'Annual Pay per grade' columns. The Bidder needs to enter the number of each grade in the 'Crew Establishment' columns ie the total of each grade allocated to the craft (this may be a fractional figure). This will provide an annual crewing cost for each craft (Total Pay) which will be automatically fed into the [Vessel Op Manning Cost](#) sheet. The names of the craft entered into this sheet will also populate the [Vessel Op Manning Cost](#) sheet, the [Vessel Maintenance](#) sheet and the [Victualing](#) sheet. All cells have been 'locked' with the exception of those in light blue and bright yellow.

Enter the following information and data:

- For each vessel it is intended to operate, identify the following in the blue areas (columns C, J and Q:
 - Vessel name;
 - Vessel type
 - Intended base location
 - Primary tasking
 - Vessel manning – number of crew intended for operating the vessel on a day to day basis.
 - Crew rota – the type of employment arrangement eg 1 on: 1 off; 2 on: 1 off; normal working week (Mon to Fri), sufficient to cover for time off eg leave, sickness and training etc.
- Taking into account the vessel manning and the crew rota above, identify the crew establishment for each craft and their grades in the bright yellow cells. You will note that 'Sea Grade No-one' has been pasted across to all Grade positions from **cell C39** on the [Staff Capitation](#) sheet. This is merely to avoid 'NA!' being triggered in the 'Annual Pay per Grade' cells.
- Paste the appropriate cell from the [Staff Capitation](#) sheet that will select the correct grades for the vessel which will then automatically populate the 'Annual Pay per grade' cost for the selected grade.
- This sheet is not enabled for either additional rows or columns so should the number of vessel blocks prove insufficient please contact the Authority's project team to discuss.

Victualing Costs (lilac coloured tab)

The names of craft will populate automatically from the [Craft Staffing Levels](#) sheet.

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- Insert up to four victualing rates intended for staff into the bright yellow cells at **L2, L3, L4 and L5**. Copy the appropriate victualing rate intended for each individual vessel from **L2, L3, L4 and L5** into the 'Victualing Rate' column, **column D**.
- Enter the number of victualed days included for each vessel for Year 1, column H.
- The number of operational crew on each vessel (**column C**) will automatically populate from the **Craft Staffing Levels** sheet.
- **Note.** The model is set up such that this initial input of figures in the columns for 'No of Vict Days' – **column H**; and the 'Victualing Rate'- **column D**, is automatically populated from year 1 into Years 2-5. Bidder variation is allowed for in the follow on years to allow for changes to the number of crew, the particular victualing rate and the number of victualing days assigned to each individual vessel. It is for the Bidder to determine whether any change is likely to be necessary or not. Please explain any variation in the notes or in your supporting documentation. Year 6 and 7 have merely mirrored the total annual cost for each vessel from Year 5.

The above will then provide a year by year victualing cost.

Vessel Op Manning Cost (lilac coloured tab)

The names of craft will populate automatically from the **Craft Staffing Levels** sheet.

- This sheet picks up and displays in tabular form the vessels and crewing costs identified in the **Craft Staffing Levels** sheet.

Operational Staff Costs (blue coloured tab)

This sheet shows the total costs of the operational vessel crews and allows for the input of all other manning costs. Victualing costs are automatically populated from the **Victualing** sheet.

- Enter all other additional areas of cost related to vessel crews in the bright yellow cells of the **Other Staff Costs** sheet.
- Names for input lines in the light blue areas may be changed and additional rows inserted.

Contract Management Sheet (blue coloured tab)

The contract management and administrative posts will fill automatically from the **Staff Capitation** sheet.

- Insert in **rows 12 to 27** the number of persons or fractions of persons intended for each post. Identify those management and administrative functions undertaken by any head office and included within the indirect overhead figure. Insert a comment on the outputs and hours.

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- Identify in **rows 68 to 78** the 'Direct Overheads' associated with any stand alone contract management or operational office ie where this is not included within any Head Office outputs.
- At **rows 82 to 84** identify the 'Indirect Overheads' ie any share of the Head Office Costs and a short note in the notes page on how this share is to be apportioned and the type of output being delivered to the contract from the Head Office.

Other Costs

Insurance and Misc Costs (pink coloured tab)

The light blue area of the sheet can be entered to change the descriptors for each line. In the bright yellow cells enter the following costs:

- Insert the annual cost for all insurance arrangements intended by your proposal for meeting the required services. Any headers included are inserted as example entries only.
- Insert the annual costs for all sub-contracted services.
- Insert the annual costs for all additional services not included elsewhere eg HR, IT and SHEQ.

Op Support Costs (pink coloured tab)

These cover all other costs associated with the operation of the craft with the exception of Insurance.

- Insert the annual costs of all vessel operating costs not included under insurance, manning or contract management. Additional rows may be inserted or left blank as required. Columns A, B and C have been merged as one input cell in the blue areas.
- The Bidder's attention is drawn to the need to bid in costs for the petrol for outboard motors. These are not part of the fuel costs to be arranged by the successful contractor and charged at cost back to the Authority or the fuel provided by the Authority for vessels operating out of Plymouth.

Vessel Maintenance (pink coloured tab)

This is the most complex of all the sheets. The names of craft will populate automatically from the [Craft Staffing Levels](#) sheet.

- Enter into the bright yellow cells the annual costs for vessel maintenance for each vessel in a five level structure as identified below:
 - 1st and 2nd Line Maintenance – planned and unplanned upkeep and maintenance undertaken by Ship's Staff

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- 3rd Line Maintenance – operational defects and non-routine maintenance outwith the capability/capacity of the crew and requiring outside contractor assistance.
- 4th Line maintenance – planned maintenance undertaken with shipyard assistance other than that associated with Surveys & Dockings (see below) eg Machinery Overhauls
- Navigation & Communications Systems Maintenance – this needs to address and plan for obsolescence and replacement
- Dockings, Survey and Certification – all costs associated with the regulatory cycles for dockings & surveys and the associated certification.
- General remarks for the individual craft can be entered in the light blue area.