



# West Dunbartonshire Council

## Schools PPP

Pre-Qualification Questionnaire  
Evaluation Matrix

February 2006

<b><u>Consortium:</u></b>	<b>Consortium Contact:</b> Name: Phone: Email:	<b>Date Evaluated:</b>
<b><u>Consortium Member:</u></b>	<b>Consortium Contact:</b> Name: Phone: Email:	<b>Date Confirmed:</b>

# West Dunbartonshire Schools PPP

## Guidelines & Procedure for the Evaluation of Pre-Qualification Questionnaires.

The PQQ Evaluation will consist of a 2 phase process with the option of a further Interview Phase if required.

The First Phase assesses the questions comprised in Sections 1 – 3 and 5 – 12 of the PQQ and accompanying certificates utilising a Pass / Fail methodology. Additionally the Financial Assessment will be conducted in accordance with the “*Financial Pre-Qualification Evaluation Methodology*” appended hereto.

With the exception of Financial Standing, a single fail may not by itself result in instant de-selection. However unless there were strong extenuating circumstances, it is likely that a Section Fail would result in down selection.

The first part of the Second Phase involves a relative scoring (where indicated) of Sections 5,7,9 and 10.

This exercise will only be conducted where there are more bidders passing the First Phase than it is intended be invited to Tender.

If after the first part of this Second Phase there no clear differentiation in points awarded between the remaining bidders, the assessment of the bidders’ relative ability to raise the necessary funding for the project will be considered (in line with the “*Financial Pre-Qualification Evaluation Methodology*”).

Finally, if after consideration of the First and Second Phases, there remains insufficient grounds to identify only the target number to be invited to Tender, the Authority may choose to interview such Bidders as the assessment of the First and Second Phases indicates would be best able to meet the Authority’s requirements.

Such an interview would, as indicated in the Information Memorandum, be based around the theme “We Can Deliver....” and would be used to determine the final recommended bidders to take forward to ITN.

PQQ Ref.	PQQ Question	Pass/ Fail	Section Pass / Fail	Weighting	Raw Score (1-5)	Weighted Score	Section Score	Comments
<b>1.00</b>	<b>Consortium Details</b>		<b>Yes / No</b>					
1.10	Name of consortium	Factual						
1.10	consortium address	Factual						
1.10	consortium telephone	Factual						
1.10	consortium e-mail	Factual						
1.20	bid manager name	Factual						
1.20	position/title	Factual						
1.20	address	Factual						
1.20	telephone no.	Factual						
1.20	fax no.	Factual						
1.20	e-mail	Factual						
1.30	details of the structure of the organisation intending to bid for the contract, e.g. an organisation chart	Factual						
PQQ Ref.	PQQ	Pass/ Fail	Section Pass / Fail	Weighting	Raw Score (1-5)	Weighted Score	Section Score	Comments
<b>2.00</b>	<b>Parties of the Consortium</b>		<b>Yes / No</b>					
2.10	name of company / firm	Factual						
2.10	role of consortium	Factual						
2.10	address	Factual						
2.10	telephone no.	Factual						
2.10	fax no.	Factual						
2.10	e-mail	Factual						
2.20	registered address if different from above {as appropriate}	Factual						
2.30	nature of organisation	Factual						
2.40	date of organisation's formation	Factual						
2.50	date of incorporation in UK {if appropriate}	Factual						
2.60	VAT Registration number {if appropriate}	Factual						
2.70	is your organisation registered under the Data Protection Act	x						
2.70	DPA Registration number (if appropriate).	Factual						
2.80	The structure the of Organisation	Factual						

2.90	Steps required to complete consortium / adviser team (if appropriate)	Factual						
2.10	Registered office of Parent / Holding Company (if appropriate).	Factual						
2.11	Affiliated or Associated Companies capable of delivering same / similar services (if appropriate).	Factual						
2.12	Details of relevant Management etc. personnel if contract awarded to Consortium.	Factual						
2.13	Number and address of locations from which similar services are delivered.	Factual						
2.14	Trade Organisations / Associations which Consortium Member is a member of. (if appropriate).	Factual						
PQQ Ref.	PQQ	Pass/ Fail	Section Pass / Fail	Weighting	Raw Score (1-5)	Weighted Score	Section Score	Comments
3.00	Legal Contractual Eligibility & Regulatory		Yes / No					
3.10	Current / pending court actions and/or industrial tribunal hearings	x						
3.20	Past court actions.	x						
3.30	Liquidate Damages	x						
3.40	Contract Terminated within the last 3 years?	x						
3.50	Contract not renewed due to bidder (or supply chain member) default.	x						
3.60	Conflicts of Interest	x						
3.70	Public Procurement: Public Services Contracts Regulations 1993 (SI 1993 No:3228) (as amended) Part IV, Regulation 14	x						
3.80	Details of Legal Advisers	x						
PQQ Ref.	PQQ	Pass/ Fail	Section Pass / Fail	Weighting	Raw Score (1-5)	Weighted Score	Section Score	Comments
4.00	Financial Evaluation		Yes / No					
4.10	Generally	See Appended Financial Methodology						
4.1.1	Organisation-wide Turnover	"						
4.1.1	Turnover Associated with PFI / PPP Type Projects	"						
4.1.1	Turnover Associated with Role in Consortium	"						

4.1.2	Parent / Group Turnover	"	"						
4.1.3	3 Year's Accounts for Consortium Member.	"	"						
4.1.4	Inclusion of unsigned / unfiled accounts.	"	"						
4.1.5	Significant post-balance sheet events.	"	"						
4.1.6	Contingent liabilities etc.	"	"						
4.1.7	Company Announcements	"	"						
4.1.8	Extent of guarantees.	"	"						
4.1.9	Details of the organisation's Bankers and Financiers	"	"						
<b>PQQ Ref.</b>	<b>PQQ</b>	<b>Pass/ Fail</b>	<b>Section Pass / Fail</b>	<b>Weighting</b>	<b>Raw Score (1-5)</b>	<b>Weighted Score</b>	<b>Section Score</b>	<b>Comments</b>	
<b>4.20</b>	<b>Funding Proposals</b>	<b>Yes / No</b>							
4.2.1(a)	Consortium's principal funders	See Appended Funding Methodology							
4.2.1(b)	Funding Competition / VFM in funding. Also funding structure.	"	"						
4.2.1(c)	VFM in funding	"	"						
4.2.1(d)	Principal funders' statement justifying the Consortium's financial standing, and its access to the financial resources necessary to carry out the project.	"	"						
4.2.1(e)	Experience in raising project finance.	"	"						
4.2.1(f)	Experience of raising finance for PFI/PPP projects.	"	"						
4.2.1(g)	Experience of Consortium's financial advisers in raising project finance. Experience of raising finance for PFI/PPP projects.	"	"						
4.2.1(h)	Other financial resources and facilities available to the Consortium	"	"						
4.2.1(i)	Details of financial advisers	"	"						
4.2.1(j)	Where funding from those other than identified to date is require, how will funders be selected and what is the intended relationship?	"	"						
4.2.2(a)	How Bidding and Negotiation stages will be funded?	"	"						
4.2.2(b)	Equity input from each consortium member?	"	"						

4.2.2(c) )	Extent of Guarantees	"							
4.2.2(d) )	Existing or future financial commitments?	"							
PQQ Ref.	PQQ	Pass/ Fail	Section Pass / Fail	Weighting	Raw Score (1-5)	Weighted Score	Section Score	Comments	
5.00	Areas of Business, Past Experience & References		Yes / No			0.00			
5.10	Principal areas of business activity of the organisation			3					0
5.20	Experience during the last 3 years.			4					0
5.30	3 references in re similar services.			5					0
PQQ Ref.	PQQ	Pass/ Fail	Section Pass / Fail	Weighting	Raw Score (1-5)	Weighted Score	Section Score	Comments	
6.00	Quality Assurance		Yes / No			0.00			
6.10	Current Quality Assurance			n/a	x				
6.20	QA Applied For			n/a	x				
PQQ Ref.	PQQ	Pass/ Fail	Section Pass / Fail	Weighting	Raw Score (1-5)	Weighted Score	Section Score	Comments	
7.00	Staffing		Yes / No			0.00			
7.10	Number of Staff Employed			2					0
7.20	Staff Breakdown			3					0
7.30	Staff Directly Involved in Relevant Services			3					0
7.40	Staff Turnover			3					0
7.50	Resume of Key Staff			4					0
7.60	TUPE Experience			4					0
7.70	Pensions Approach			4					0
PQQ Ref.	PQQ	Pass/ Fail	Section Pass / Fail	Weighting	Raw Score (1-5)	Weighted Score	Section Score	Comments	
8.00	Health & Safety and CDM		Yes / No			0.00			
8.10	Understanding of how H&S and CDM will apply to the project			n/a	x				
8.20	Copy of H&S Policy			n/a	x				
8.30	Note of RIDDOR			n/a	x				
8.40	Prosecutions for H&S CDM			n/a	x				
8.50	H&S / CDM Method statement			n/a	x				
PQQ Ref.	PQQ	Pass/ Fail	Section Pass / Fail	Weighting	Raw Score (1-5)	Weighted Score	Section Score	Comments	

<b>9.00</b>	<b>Design, Planning, Environmental Impact &amp; Sustainability</b>			<b>Yes / No</b>				
9.10	Evidence of and understanding of the design issues.			4		0		
9.20	Impact on neighbouring proprietors and environment.			3		0		
9.30	Demonstration of sustainability in design and construction etc.			3		0		
9.40	Programme for obtaining Planning Permissions etc			2		0		
9.50	Environmental Prosecutions?			n/a	x			
9.60	Environmental Statement			2		0		
9.70	BS EN ISO 14000			n/a	x			
9.80	Technical Adviser details			n/a	x		<b>0.00</b>	
<b>PQQ Ref.</b>	<b>PQQ</b>	<b>Pass/ Fail</b>	<b>Section Pass / Fail</b>	<b>Weighting</b>	<b>Raw Score (1-5)</b>	<b>Weighted Score</b>	<b>Section Score</b>	<b>Comments</b>
<b>10.00</b>	<b>Service Delivery</b>			<b>Yes / No</b>				
10.10	Method statement for effective FM delivery.			4		0		
10.20	Experience of Payment Mechanism.			4		0		
10.30	Helpdesk Facilities			3		0		
10.40	Interface with In-house providers.			4		0	<b>0.00</b>	
<b>PQQ Ref.</b>	<b>PQQ</b>	<b>Pass/ Fail</b>	<b>Section Pass / Fail</b>	<b>Weighting</b>	<b>Raw Score (1-5)</b>	<b>Weighted Score</b>	<b>Section Score</b>	<b>Comments</b>
<b>11.00</b>	<b>Insurance</b>			<b>Yes / No</b>				
11.10	Details of Insurances			n/a	x			
11.20	Details of claims in excess of £100,000.			n/a	x			
<b>PQQ Ref.</b>	<b>PQQ</b>	<b>Pass/ Fail</b>	<b>Section Pass / Fail</b>	<b>Weighting</b>	<b>Raw Score (1-5)</b>	<b>Weighted Score</b>	<b>Section Score</b>	<b>Comments</b>
<b>12.00</b>	<b>Declaration</b>			<b>Yes / No</b>				
12.00	Ensure completed			n/a	x			
12.00	Ensure completed							





## FINANCIAL PRE-QUALIFICATION EVALUATION METHODOLOGY

### Introduction

This document summarises the approach to be adopted by Caledonian Economics to the financial evaluation of the pre-qualification submissions received by West Dunbartonshire Council's Schools PPP Project.

At this stage of the evaluation the objective of the financial evaluation is to provide an indication of:

1. **The economic and financial standing of the applicant.** This will feed into a first stage assessment of whether a party submitting a pre-qualification submission can be taken forward to full pre-qualification evaluation; and
2. **The fundraising capability,** relative to the requirements of the specific project. The results of this analysis will feed into the second stage of the pre-qualification evaluation and be considered in relation to the results of the technical evaluation of pre-qualification submissions.

The bidding consortium, and each member of it, will receive an assessment of financial strength based on the following grades:

### Economic & Financial Standing Assessment Scores

The solvency and financial strength of a party submitting a pre-qualification submission will be assessed and awarded a grade of pass, marginal pass or fail. Within the table below we outline the criteria associated with each of these grades and the implications of the grades for the overall assessment of the financial strength of the consortia.

Assessment of Financial Strength		
Grade	Score Criteria	Implications for the procurement phase
<b>Pass</b>	<ul style="list-style-type: none"><li>➤ Strong net asset position of the company guaranteeing the performance, in relation to the West Dunbartonshire project</li><li>➤ Good credit rating scores for a project of this scale</li><li>➤ Companies do not appear to be over committed in terms of guarantees provided or the level of contingent liabilities as disclosed within their accounts</li><li>➤ Companies have the financial standing to meet any funding commitments required in relation to this project.</li></ul>	These bidders have the financial strength to undertake a project of this scale. Items may be noted within individual Consortia assessments which should be reviewed during the procurement process.
<b>Marginal Pass</b>	<ul style="list-style-type: none"><li>➤ Net asset position indicates the company guaranteeing the performance should be capable of delivering the West Dunbartonshire project</li></ul>	These bidders should have the financial strength to undertake a project of this scale. However, items have been noted within individual Consortia

Assessment of Financial Strength		
Grade	Score Criteria	Implications for the procurement phase
	<ul style="list-style-type: none"> <li>➤ Reasonable credit rating scores for a project of this scale</li> <li>➤ Indication companies may be over committed in terms of guarantees provided or the level of contingent liabilities as disclosed within their accounts/PQQ submission.</li> <li>➤ Companies should have the financial standing to meet any funding commitments in relation to this project.</li> </ul>	assessments which need to be monitored during the procurement process to ensure the deliverability of the bid.
<b>Fail</b>	<ul style="list-style-type: none"> <li>➤ Net asset position indicates the consortia may struggle to deliver the West Dunbartonshire project</li> <li>➤ Weak credit rating</li> <li>➤ High levels of contingent liabilities, provisions and guarantees</li> <li>➤ Evidence of going concern problems</li> <li>➤ Lack of bankers references, letters of support from equity</li> </ul>	These bidders may not have the financial strength to undertake this project and should not be short-listed.

It should be noted that the parties to be assessed will be the parties guaranteeing the performance of the principal consortium members.

There may be instances where individual consortium members receive marginal pass ratings however, the grading of the consortium overall is higher than this. This will reflect the relative financial strength of other members of the consortium. This takes into account the importance of the roles played by each of the consortium members. In these instances we will recommend that the Council pays close attention to the variances within a consortium, especially in the event that consortia request to change their members.

#### **Fund Raising Capability Assessment Scores**

The assessment of fund-raising capability will be made of the basis of the information submitted within the Pre-qualification questionnaire and will be scored as follows:

Assessment of Fund Raising Capability		
Score	Score Criteria	Implications for the procurement phase
<b>4-5</b>	<ul style="list-style-type: none"> <li>➤ Evidence of equity providers support and that they have the funds available to provide the relevant equity investment</li> <li>➤ Evidence of funder support and/or an extensive track record of delivering funding in a PPP project environment for projects of this scale.</li> </ul>	These bidders have the fundraising capability to undertake a project of this scale. Items may be noted within individual Consortia assessments which should be reviewed during the procurement process.
<b>2-3</b>	<ul style="list-style-type: none"> <li>➤ Evidence of equity providers support and that they have the funds available to provide the relevant equity investment. The financial strength of</li> </ul>	These bidders should have the fundraising capability to undertake a project of this scale. However, items have been noted

Assessment of Fund Raising Capability		
Score	Score Criteria	Implications for the procurement phase
	<p>the companies providing the equity may not be as strong as in consortia awarded a high grading.</p> <p>➤ Evidence of funder support and/or a track record of delivering funding in a PPP project environment.</p>	within individual Consortia assessments which need to be monitored during the procurement process to ensure deliverability of the funding.
<b>1</b>	<p>➤ Lack of evidence of equity support or the deliverability of the equity investment</p> <p>➤ Lack of evidence of the deliverability of the funding package – for example, the lack of letters of support from the funders and financial advisers, a lack of track record of raising funds for UK PPP projects.</p>	These bidders may not have the fundraising capability to undertake this project.

## Approach

We set out below, our approach to the assessment of the economic and financial standing of each applicant and their fund raising capability. Following our assessment of the pre-qualification submissions, we will issue an evaluation report covering:

- Executive Summary
- Bidders Economic and Financial Standing
- Bidders fundraising capability.

## The Pre-qualification Process

The financial evaluation will be split into three stages as follows:

1. A preliminary assessment and completeness check;
2. A detailed evaluation and assessment of the economic and financial standing of bidders. This will be used to assess whether the bidders meet the Council's minimum pre-qualification; and
3. The evaluation of the fund-raising capability of bidders. This will feed into stage 2 of the Council's pre-qualification evaluation and will be compared with bidders technical scores.

### 1 Preliminary Assessment and Completeness Check

A preliminary assessment of pre-qualification submissions will be undertaken from a finance perspective to confirm whether or not the bids comply with the requirements outlined in the Pre-qualification Questionnaire and Information Memorandum.

Any omissions in the information provided will be addressed and clarifications raised and responses obtained in writing from bidders, following procedures outlined by the Council.

## **2 Detailed Evaluation – Assessment of Financial and Economic Standing**

Caledonian Economics will assess the solvency and financial strength of the principal consortium members. Where a consortium intends to rely upon the use of parent company guarantees, we will test the economic and financial standing of the parent.

The evaluation of financial strength will be based upon an estimated construction contract of approximately £100m.

The valuation of the financial and economic strength will be based upon

- A review of the financial statements of the principal consortium members and where appropriate the relevant parent company. The review will examine:
  - Turnover;
  - Profit before tax;
  - Shareholders funds;
  - Gearing
  - Contingent liabilities; and
  - Post Balance Sheet Events.
- Review of external credit ratings from Graydon UK who provides an assessment of the financial strength of parties to undertake contracts of this value.
- Qualitative Analysis – we will assess the consortia’s ability to perform both the construction and services contract by reference to the size of the contract relative to the size of the contract element for which they are responsible. We will look for strong evidence that the size of the contract was deliverable in terms of turnover, profit, level of existing parent company guarantees. It will also examine whether the consortia have the financial strength to supply the required funding for the project.

The overall consortium structure is important in this evaluation. Where there is a construction company providing a parent company guarantee and/or a construction wrap, we will evaluate that company.

## **3 Detailed Evaluation – Fundraising Capability**

The fundraising experience and ability of the principal Consortium Members will be assessed by reference to:

- The balance sheet strength and net worth of each Consortium Member, and whether this is sufficient to enable it to raise the necessary equity and debt finance to deliver the capital investment required by the project;
- The organisational and commercial structure proposed;

- The previous experience of the organisation in raising finance for analogous projects, considering the finance structure and the amounts and ratios of equity and debt capital raised for these projects; and
- The current commitments and workload of the Consortium Members in relation to the project programme.

The most important aspects of a bidders ability to raise finance are:

- Track record of project sponsors
- Track record of financial advisors
- Ability/financial strength of key contractors and methodology
- Support of bank.

In the evaluation, an overall view will be taken as to the fund raising capability based upon the above criteria. Note that no individual aspect above is critical in its own right.

## **ECONOMIC AND FINANCIAL EVALUATION CHECKLIST**

The following checklist details the information that should be supplied by each bidder:

**1. For each consortium/group**

- (a) Consortium Member details
- (b) Consortium commercial structure
- (c) Proposed Funding structure (debt/sub-debt ratio), or strategy for delivering a VFM funding solution
- (d) Details of any Parent Company Guarantees/Construction wraps
- (e) Group experience of raising project finance and delivering similar education projects

**2. For each party guaranteeing the performance of Consortium Members (any post-balance sheet events and interim accounts should be considered):**

- (a) Financial Statements for the last three years
- (b) Shareholders Funds
- (c) Turnover
- (d) Profit before tax
- (e) Other relevant experience if not covered by consortium/group
- (f) Other information provided with the PQQ