



**Invitation To Participate In Dialogue
(Volume 1)**

For

**Appointment Of Private Sector Development
Partner**

For

SouthWest hub Territory

November 2011

OVERVIEW OF INVITATION TO PARTICIPATE IN DIALOGUE

This Invitation to Participate in Dialogue for the SouthWest hub Territory consists of three volumes:

VOLUME 1 – INSTRUCTIONS TO TENDERERS

Volume 1 contains:

- a) a summary of the objectives and requirements for the SouthWest hub Territory Partnering Services Programme;
- b) an overview of the Procurement Process;
- c) the requirements for Tender Submission; and
- d) the Tender Evaluation Methodology.

VOLUME 2 – STANDARD FORM DOCUMENTS

Volume 2 contains:

- a) the Standard Form Shareholders' Agreement;
- b) the Standard Form Territory Partnering Agreement;
- c) the Template D&B Development Agreement; and
- d) the Template Design, Build, Finance and Maintain Agreement

VOLUME 3 – TERRITORY DELIVERY PLAN AND OTHER RELEVANT DOCUMENTS

Volume 3 contains:

- a) the draft Territory Delivery Plan for the SouthWest hub Territory (to be circulated during competitive dialogue). Indicative Project Pipeline included
- b) the Participants' Indicative 5 Year Programme (to be circulated during competitive dialogue)
- c) the Sample Project Design Data (relevant project design Data to be circulated during competitive dialogue)

IMPORTANT NOTICE

This Invitation to Participate in Dialogue and any subsequent Invitation to Submit Final Tenders (the "Invitation") has been prepared for the purpose of providing certain information to Tenderers invited to participate in the competition for the appointment of a Private Sector Development Partner.

In no circumstances shall any of the Participants, the Scottish Futures Trust, the Scottish Government or their respective advisors, consultants, servants or agents incur any liability or responsibility arising out of or in respect of the issue of the Invitation.

Nothing in the Invitation shall be construed as legal, financial or tax advice.

The Invitation should not be considered as an investment recommendation made by the Participants or the Scottish Futures Trust, or any of their respective advisors or agents to any of the Tenderers. Each person to whom the Invitation is issued should make their own independent assessment of the Project and all matters relevant to the Project after making such investigation and taking such professional advice as they deem necessary.

Nothing in the Invitation is, or should be, relied upon as a promise or representation as to the Participants' ultimate decision in relation to the Project which will depend in part at least, on the outcome of the Dialogue with Tenderers. No oral acceptance by the Tenderers of any offer or outline submissions within an offer shall be valid or binding on the Participants.

Any summaries or descriptions of documents or contractual arrangements contained in any part of the Invitation cannot be and are not intended to be comprehensive, nor any substitute for the underlying documentation (whether existing or to be concluded in the future), and are in all respects qualified in their entirety by reference to them.

No legal relationship or other obligation shall arise between any of the Participants and the Tenderers unless and until the Final Territory Partnering Agreement and Final Shareholders' Agreement have been formally executed in writing by the Participants and the successful Tenderer and any conditions precedent to their effectiveness have been fulfilled.

In this Important Notice, references to the Invitation shall include all information contained herein and any other information (whether written, oral or in machine-readable form) or opinions made available by or on behalf of the Participants, Scottish Futures Trust or the Scottish Government, their advisors, consultants servants or agents in connection with the Invitation or the Project including, without limitation, any additional information made available by the Participants, Scottish Futures Trust or the Scottish Government or their respective advisors, consultants, servants or agents throughout this procurement process.

Each Tenderer's acceptance of delivery of the Invitation constitutes its agreement to, and acceptance of, the terms set forth in this Important Notice.

VOLUME 1

INSTRUCTIONS TO TENDERERS

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CONTENTS

GLOSSARY	7
1. INTRODUCTION	15
1.1 Purpose of the Invitation	15
1.2 Structure of this Invitation	15
1.3 Role of the PSDP	16
1.4 Project Pipeline	18
1.5 Key Features of the Procurement Process and Dialogue	18
1.6 Tender Evaluation Criteria	18
2. GENERAL INFORMATION	20
2.1 The Invitation Information	20
2.2 Right to Cancel or Vary the Process	20
2.3 Right to Reject and/or Disqualify	20
2.4 Changes to Tender Period Procedure	21
2.5 Costs and Expenses	21
2.6 Conflict of Interest	21
2.7 Confidentiality	21
2.8 Freedom of Information	22
2.9 Publicity.....	23
2.10 Canvassing	23
2.11 Collusion.....	23
2.12 Changes in Circumstances.....	23
2.13 Conflict of Documents	24
2.14 Jurisdiction and Governing Laws	24
2.15 Conditions to acceptance of this Invitation	24
3. THE PROJECT DETAILS	25
3.1 hub.....	25
3.2 Key Outcomes	25
3.3 hub Objectives	25
3.4 Benefits to the PSDP.....	26
3.5 hub Structure	27
3.6 Corporate Structure of hubco	27
3.7 The Shareholders Agreement.....	28
3.8 The Territory Partnering Agreement	29
3.9 Partnering Services	30
3.10 Exclusivity	32
3.11 Contracts for New Projects	34
3.12 Vehicles for Specific Projects.....	36
3.13 Funding/Financial Returns	37
3.14 New Project Approval.....	40

3.15	Establishing Value for Money	40
3.16	Reimbursement of the cost of Project Development Partnering Services	41
3.17	Key Performance Indicators and Continuous Improvement Targets	41
3.18	Approach to Design	42
4.	OVERVIEW OF THE PROCUREMENT PROCESS	44
4.1	EU Procurement	44
4.2	Indicative Timetable	44
4.3	Competitive Dialogue Procedure	44
4.4	Bilateral Meetings/Cycles	45
4.5	Legal/Commercial Dialogue	47
4.6	Financial Dialogue	48
4.7	Technical Dialogue	50
4.8	Commitment of Tenderers	52
4.9	Electronic Document Transfer Process	52
4.10	Requests for Clarification	53
4.11	Communication Procedure	53
4.12	Commercially Sensitive/Confidential Communications	54
5.	SUBMISSION REQUIREMENTS	56
5.1	Introduction	56
5.2	Submission Requirements – General Guidance	56
5.3	General Submission Requirements for Final Tender Submissions and the Tender Dialogue Submissions	57
5.4	The Tender Dialogue Submissions	58
5.5	Format of Tender Dialogue Submissions	59
5.6	Tender Dialogue Submission Arrangements	60
5.7	The Final Tender Submission	60
5.8	Format of the Final Tender Submission	60
5.9	Final Tender Submission Arrangements	61
6.	FINAL TENDER SUBMISSION EVALUATION	62
6.1	Overview	62
6.2	Preliminary Review	62
6.3	Completeness and Compliance	62
6.4	Late or Incomplete Submissions	63
6.5	Detailed Evaluation	63
	APPENDIX A: SOUTHWEST HUB TERRITORY MAP	69
	APPENDIX C: ANTI-COLLUSION CERTIFICATE	73
	APPENDIX D: KPI SCHEDULE	75
	APPENDIX E: 2 STAGE NEW PROJECT APPROVAL PROCESS	102
	APPENDIX F: TENDER DIALOGUE SUBMISSION & FINAL TENDER SUBMISSION COMPLIANCE CHECKLISTS	104
	APPENDIX G: NON-PRICE EVALUATION MATRIX	108
	APPENDIX H: QUALITATIVE PRICE EVALUATION MATRIX	157
	APPENDIX I: QUANTITATIVE PRICE SUBMISSION	179

APPENDIX J: QUERY FORMS	195
APPENDIX K: BUSINESS PLAN STRUCTURE	202
APPENDIX L: CERTIFICATE CONFIRMING ACCEPTANCE OF FINAL SHAREHOLDERS AGREEMENT AND FINAL TERRITORY PARTNERING AGREEMENT	205
APPENDIX M: CERTIFICATE CONFIRMING TENDERER’S PQQ SUBMISSION	207
APPENDIX N: ADJUSTMENT FACTORS	207
APPENDIX O: TENDERER SPECIFIC AMENDMENT SCHEDULE	217

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GLOSSARY

For the purposes of this Invitation the capitalised words and expressions that follow have the meanings hereby assigned to them unless the context specifically requires otherwise. It should also be noted that references to the singular include the plural and vice versa.

"Affordability Cap" means "Affordability Cap" as defined in Schedule Part 5 (*Approval Process for New Projects*) of the Standard Form TPA;

"Annual Service Payment" has the meaning given in Schedule Part 17 (*Payment Mechanism*) of the Template DBFM Agreement.

"Appropriate Date" has the meaning given in paragraph 4.10.1 of this Volume 1 of the Invitation;

"Approval Criteria" means "Approval Criteria" as defined in Schedule Part 5 (*Approval Process for New Projects*) of the Standard Form TPA;

"Associated Company" means "Associated Company" as defined in Schedule Part 1 (*Definitions, Interpretation and Construction*) of the Standard Form TPA;

"Bilateral Cycle" has the meaning given in paragraph 4.4.1 of this Volume 1 of the Invitation;

"Bilateral Meetings" means the meetings to take place between the Participants and the Tenderers during the Dialogue Period further described in paragraph 4.4 of this Volume 1 of the Invitation;

"Business Day" means a day other than a Saturday, Sunday or a bank holiday in Scotland;

"Commencement Date" has the meaning given in Schedule Part 1 (*Definitions, Interpretation and Construction*) of the Standard Form TPA;

"Community Planning Partnerships" has the meaning given in Schedule Part 1 (*Definitions, Interpretation and Construction*) of the Standard Form TPA;

"Community Services" means primary health, well being, library services, education, children's services, residential and social care, social services and other community based services to the public within the Territory;

"Confidential Dialogue Period Bulletins" means the Participants' confidential response to a Confidential Dialogue Period Query;

"Confidential Dialogue Period Query" means a Dialogue Period Query made pursuant to paragraph 4.12.1(c)(i) of this Volume 1 of the Invitation;

"Confidential Final Tender Bulletins" means the Participants' confidential response to a Confidential Final Tender Period Query issued in accordance with paragraph 4.10.3 of this Volume 1 of the Invitation;

"Confidential Final Tender Query" means a Confidential Dialogue Period Query made pursuant to paragraph 4.12.1(c)(ii) of this Volume 1 of the Invitation ;

"**Dialogue**" means the dialogue between the Tenderer and the Participants commencing on the day after the issue of this Invitation and ending with the issue of the Invitation to Submit Final Tenderers;

"**Dialogue Period**" means the period during which the Dialogue is continuing;

"**Dialogue Period Bulletins**" means the Participants' response to a Dialogue Period Query issued in accordance with paragraph 4.10.2 of this Volume 1 of the Invitation;

"**Dialogue Period Query**" means a request for clarification or other query raised by a Tenderer in accordance with the requirements of paragraph 4.11 of this Volume 1 of the Invitation during the Dialogue Period;

"**Electronic Document Transfer System**" or "**EDT**" means 4Projects (www.4projects.com) web based software for the electronic transfer of documents during the tender process;

"**Environmental Information Regulations**" means the Environmental Information (Scotland) Regulations 2004;

"**Evaluation Criteria**" means the evaluation criteria set out in paragraph 6 of this Volume 1 of the Invitation;

"**Final Shareholders Agreement**" or "**Final SHA**" means the final draft of the Standard Form SHA as amended by the Tenderer Specific Amendment Schedule, issued to each Tenderer prior to the date for submission of Final Tender Submissions;

"**Final Tender Bulletins**" means the Participants' response to a Final Tender Period Query;

"**Final Tender Submission**" means any tender submitted by a Tenderer in response to the Invitation to Submit Final Tender;

"**Final Territory Partnering Agreement**" or "**Final TPA**" means the final draft of the Standard Form TPA as amended by the Tenderer Specific Amendment Schedule, issued to each Tenderer prior to the date for submission of Final Tender Submissions;

"**FOISA**" means the Freedom of Information (Scotland) Act 2002 and any subordinate legislation made under the Act from time to time together with any guidance and/or codes of practice issued by the Scottish Information Commissioner in relation to such Act;

"**hubco**" means the local IPPP to be established to take forward the SouthWest **hub Territory** hub Partnering Services as described at paragraph 1.1 of this Volume 1 of the Invitation;

"**hubco Business Plan**" means the "Business Plan" as defined in clause 1 (*Definitions, Interpretation and Construction*) of the Standard Form SHA;

"**Identified Projects**" means the projects which the Participants expect to allocate formally to the Territory Delivery Plan for delivery by hubco as at the date of commencement of the Territory Partnering Agreement namely:

Number	Project Name	Description	Relevant Participant	Capital Value	Estimated Site Start date	Assumed Funding Route
1	Montrose House	Care home on Arran	North Ayrshire Council	£2.5m	2013-14	Capital
2	Stevenson Institute	Multi-agency health unit of Largs	North Ayrshire Council	£1.8m	2014	Capital
3	Irvine East Primary School	New unnamed school campus	North Ayrshire Council	£12m	2013-14	Capital
4	Replacement Irvine Leisure Centre	New leisure centre	North Ayrshire Council	£16m	Early 2013	Capital
5	Garnock Academy	School campus	North Ayrshire Council	£55m	2013-15	DBFM
6	Knockroon	School	East Ayrshire Council	£10.5m	2013-14	Capital
7	Kilmarnock day centre (Woodstock)	Community facility	East Ayrshire Council	£2.5m	2012-13	Capital
8	Auchinleck CC	Community facility	East Ayrshire Council	£3.6m	2011-12	Capital
9	Littlemill	School	East Ayrshire Council	£1.3m	2011-12	Capital
10	Sorn	School	East Ayrshire Council	£1.7m	2011-12	Capital
11	Ayr Academy	Secondary School	South Ayrshire Council	£23m	2013 -15	DBFM
12	Dalbeattie High School	Secondary School	Dumfries & Galloway Council	£18.0m	2012-14	DBFM
13	Flowerbank Nursery	Nursery School	East Ayrshire Council	£1.8m	2013/14	Capital
14	Dalbeattie Primary Care Centre	Primary Care Centre	NHS Dumfries and Galloway	£2.1M	2013/14	Capital
15	Dunscore Primary Care Centre	Primary Care Centre	NHS Dumfries and Galloway	£1.0M	2013/14	Capital
16	East Kilbride Hunter Health Centre	Health Centre	NHS Lanarkshire	£16.7m	2013/15	DBFM
17	Kilsyth Health Centre	Health Centre	NHS Lanarkshire	£9.6m	2013/15	DBFM
18	Wishaw Health Centre	Health Centre	NHS Lanarkshire	£9.6m	2013/15	DBFM
19	Clyde Valley Schools Campus	Secondary and Primary School campus	North Lanarkshire Council	£40m	2012/14	DBFM
20	Ardrossan Harbourside	Office Development	Irvine Bay Regeneration Company	£3m	2012/13	Capital
21	Irvine Annickbank	1 st phase Business Park	Irvine Bay Regeneration Company	£2.2m	2012/13	Capital
22	Irvine Ailsa Road	Phase 2 Industrial units	Irvine Bay Regeneration Company	£1.5m	2013/14	Capital
23	Kirk Michael PS	Primary	South Ayrshire Council	£1.8m	2012/13	Capital
24	South Carrick Development	Leisure	South Ayrshire Council	£8.0m	2012/13	DBFM
25	Office Rationalisation	Office Development	South Ayrshire Council	£		
26	North Ayrshire Health Centre	Area Healthcare Resource Centre	NHS Ayrshire and Arran	£5.7m	2015/16	DBFM
27	East Ayrshire Health Centre	Area Healthcare / Primary Care Facility	NHS Ayrshire and Arran	£4.9m	2016/17	DBFM
28	South Ayrshire Health Centre	Area Healthcare / Primary Care Facility	NHS Ayrshire and Arran	£5.9m	2017/18	DBFM

"**Indicative Timetable**" means the timetable set out at paragraph 4.2.1 of this Volume 1 of the Invitation;

"**Information Memorandum**" means the document issued to those organisations expressing an interest in the SouthWest hub Territory Partnering Services programme following the publication of the OJEU contract notice **2011/S 159-262657 16th August 2011**;

"Information Provided" has the meaning given in paragraph 2.7.2 of this Volume 1 of the Invitation;

"Information Room" means the secure electronic based data storage system, controlled by the Territory Programme Office, from which Tenderers may request documents;

"Invitation" means this Invitation to Participate in Dialogue, and any subsequent Invitation to Submit Final Tenders;

"Invitation Information" means all information in this Invitation and all information issued to Tenderers by the Participants or their advisers in connection with this Invitation and the Project;

"Invitation to Submit Final Tenders" or **"ITSFT"** means the invitation to submit a final tender issued by the Participants at the close of the Dialogue;

"IPPP" means an institutionalised public private partnership, being a legal entity in which shares are owned by both the public sector and the private sector;

"Key Performance Indicators" or **"KPIs"** means the key performance indicators to be contained in and developed in accordance with the Territory Partnering Agreement;

"Major Capital Projects" has the meaning given in Schedule Part 1 (*Definitions, Interpretation and Construction*) of the Standard Form TPA;

"Management Services Agreement" means any management services agreement submitted by the Tenderer to the Participants for discussion during the Dialogue Period or as part of their Final Tender;

"Material Change in Circumstances" has the meaning given in paragraph 2.12.1 of this Volume 1 of the Invitation;

"New Project" means "New Project" as defined in Schedule Part 1 (*Definitions, Interpretation and Construction*) of the Standard Form TPA;

"Non-Price Evaluation" means the evaluation carried out in accordance with paragraph 6.5.4;

"Non-Price Evaluation Matrix" means the matrix set out in Appendix G to this Volume 1 of the Invitation;

"SouthWest hub Partnering Agreements" means the Final SHA and Final TPA, and all other documents ancillary thereto;

"OJEU" means the Official Journal of the European Union;

"Ongoing Partnering Services" means the "Ongoing Partnering Services" as defined in Schedule Part 1 (*Definitions, Interpretation and Construction*) of the Standard Form TPA;

"Participants" has the meaning given in paragraph 1.3.3 of this Volume 1 of the Invitation;

"Participants' Indicative 5 Year Programme" means the indicative 5 year programme of New Projects provided by the Participants in Volume 3 of the Invitation for the sole

purpose of providing a consistent set of assumptions on which Tenderers can base the information required by the Participants for the Price evaluation;

"Participants' Nominated Person" means SouthWest hub Territory Programme Director, **Bill Martin, bill.martin1@nhs.net**, or other such person notified to the Tenderers in writing by the Participants from time to time;

"Partnering Services" means the "Partnering Services" as defined in Schedule Part 1 (*Definitions, Interpretation and Construction*) of the Standard Form TPA;

"Partnering Services Costs" means the "Partnering Services Costs" as defined in Schedule Part 1 (*Definitions, Interpretation and Construction*) of the Standard Form TPA;

"Preferred Tenderer" means the Tenderer selected by the Participants to be appointed as PSDP;

"Pre-Qualification Questionnaire" or **"PQQ"** means the questionnaire accompanying the Information Memorandum;

"Price Evaluation" means the evaluation carried out in accordance with paragraph 6.5.5 of this Volume 1 of the Invitation;

"Pricing Data" means the "Pricing Data" as defined in Schedule Part 1 (*Definitions, Interpretation and Construction*) of the Territory Partnering Agreement;

"Private Sector Development Partner" or **"PSDP"** means the private sector development partner selected by the Participants to participate in forming hubco, following the completion of the procurement process outlined in this Invitation;

"Project" means the procurement of the PSDP and forming of a hubco by the Participants and the PSDP for the provision of Partnering Services in the SouthWest hub Territory;

"Project Agreement" has the meaning given in Schedule Part 1 (*Definitions, Interpretation and Construction*) of the Standard Form TPA;

"Project Agreement Counterparty" means the party that will contract with the Project Service Provider for the provision of Project Services under a Project Agreement;

"Project Development Fee" means such fee calculated in accordance with Schedule Part 4 (*Partnering Services Costs*) of the Standard Form TPA;

"Project Development Fee Cap" means the "Project Development Fee Cap" as defined in Schedule Part 1 (*Definitions, Interpretation and Construction*) of the Standard Form TPA;

"Project Development Partnering Services" means the "Project Development Partnering Services" as defined in Schedule Part 1 (*Definitions, Interpretation and Construction*) of the Standard Form TPA;

"Project Services" means the "Project Services" as defined in Schedule Part 1 (*Definitions, Interpretation and Construction*) of the Standard Form TPA;

"Project Service Provider" means the "Project Service Provider" as defined in Schedule Part 1 (*Definitions, Interpretation and Construction*) of the Standard Form TPA;

"**Public Works Loan Board**" or "**PWLB**" means the statutory body operating within the United Kingdom Debt Management Office, an Executive Agency of HM Treasury;

"**Qualifying Projects**" means the "Qualifying Projects" as defined in Schedule Part 1 (*Definitions, Interpretation and Construction*) of the Standard Form TPA;

"**Qualitative Price Evaluation Matrix**" means the matrix set out in Appendix H to this Volume 1 of the Invitation;

"**Quantitative Price**" has the meaning given in paragraph 6.5.5(e)(viii) of this Volume 1 of the Invitation;

"**Regulations**" means The Public Contracts (Scotland) Regulations 2006;

"**Relevant Entity**" means a member of a consortium structure who will have an equity stake in the consortium and "**Relevant Entities**" shall be construed accordingly;

"**Relevant Participant(s)**" has the meaning given in paragraph 3.13.7(a) of this Volume 1 of the Invitation;

"**Sample Project Design Data**" means the design information provided by the Participants in Volume 3 of the Invitation for the sole purpose of providing a consistent set of assumptions on which Tenderers shall price Proforma 5 in Appendix I;

"**Scottish Futures Trust**" or "**SFT**" means Scottish Futures Trust Limited (Company Number SC348382), having a registered office at 15 Atholl Crescent, Edinburgh EH3 8HA;

"**Shareholders Agreement**" means the shareholders agreement for the establishment of hubco substantially in the form of the relevant Final SHA to be entered into between hubco, the SFT, some or all of the Participants and the PSDP;

"**Significant Performance Failure**" means a "Significant Performance Failure" as defined in Schedule Part 1 (*Definitions, Interpretation and Construction*) of the Standard Form TPA;

"**Strategic Support Partnering Services**" means the "Strategic Support Partnering Services" as defined in Schedule Part 1 (*Definitions, Interpretation and Construction*) of the Standard Form TPA;

"**Stage 1 Approval**" has the meaning given at Schedule Part 5 (*Approval Process for New Projects*) of the Standard Form TPA;

"**Standard Form Shareholders Agreement**" or "**Standard Form SHA**" means the standard form shareholders agreement set out in Volume 2 of this Invitation as updated from time to time and notified to the Tenderers in accordance with the provisions of the Invitation;

"**Standard Form Territory Partnering Agreement**" or "**Standard Form TPA**" means the standard form territory partnering agreement set out in Volume 2 of the Invitation as updated from time to time and notified to the Tenderers in accordance with the provisions of this Invitation;

"**Standard Partnering Agreements**" means the Standard Form SHA and Standard Form TPA;

"Strategic Partnering Services" means the "Strategic Partnering Services" as defined in Schedule Part 1 (*Definitions, Interpretation and Construction*) of the Standard Form TPA;

"Sub-hubco" means a wholly owned subsidiary of hubco that enters into a Project Agreement for the delivery of a New Project;

"Supply Chain Agreements" has the meaning given in Schedule Part 1 (Definitions, Interpretation and Construction) of the Standard Form TPA;

"Supply Chain Member" means any party (except hubco or a Project Service Provider) to a Supply Chain Agreement;

"Template DBFM Agreement" means the template design, build, finance and maintain agreement as set out Volume 2 of the Invitation, as updated from time to time and notified to the Tenderers in accordance with the provisions of this Invitation;

"Template D&B Development Agreement" means the template design and build agreement as set out Volume 2 of the Invitation, as updated from time to time and notified to the Tenderers in accordance with the provisions of this Invitation;

"Template Project Agreements" means together the Template DBFM Agreement and Template D&B Development Agreement;

"Tender Dialogue Submission" means the information to be submitted by Tenderers in accordance with paragraph 5 of this Volume 1 of the Invitation;

"Tender Evaluation Criteria" means the criteria and sub criteria which will be used by the Participants to evaluate Final Tender Submissions, set out in Appendix G, Appendix H and paragraph 6 of this Volume 1 of the Invitation;

"Tender Submission Requirements" means the tender submission requirements set out in the Invitation to Submit Final Tenders;

"Tenderer" means any person, firm, company or consortium to which this Invitation has been issued;

"Tenderer Specific Amendment Schedule" has the meaning given in paragraph 4.5.1 of this Volume 1 of the Invitation;

"Tenderer's Nominated Person" means the person nominated by each Tenderer in accordance with paragraph 4.11.4 of this Volume 1 of the Invitation to receive information from the Participants during the Dialogue Period;

"Territory" means the SouthWest hub Territory shown in Appendix A of this Volume 1 of the Invitation, being the geographical area covered by the SouthWest hub Territory programme and **"Territories"** means the 5 territories listed in paragraph 1.3.3 of the Information Memorandum;

"Territory Delivery Plan" means the Territory delivery plan to be set out in and amended in accordance with Schedule Part 11 (*Territory Delivery Plan*) of the Territory Partnering Agreement, a draft of which is set out at Volume 3 of the Invitation;

"Territory Partnering Agreement" means the partnering agreement substantially in the form of the relevant Final TPA to be entered into by hubco and some or all of the Participants;

"Territory Partnering Board" or "TPB" means the "Territory Partnering Board" to be established in accordance with clause 14.1 of the Territory Partnering Agreement;

"Track Record Test" means the "Track Record Test" as defined in Schedule Part 1 (*Definitions, Interpretation and Construction*) of the Standard Form TPA; and

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1. INTRODUCTION

1.1 Purpose of the Invitation

- 1.1.1 This Invitation is prepared pursuant to the contract notice to the Official Journal of the European Union reference **2011/S 159-262657 16th August 2011**
- 1.1.2 This Invitation has been issued to **3** Tenderers, selected by the Participants to be invited to participate in dialogue for the selection of a Private Sector Development Partner for the **SouthWest hub Territory**.
- 1.1.3 In accordance with the Regulations, the Participants will appoint as the PSDP the Tenderer that submits the most economically advantageous Final Tender Submission in response to this Invitation.

1.2 Structure of this Invitation

- 1.2.1 This Volume 1 contains the following information:
- (a) General information about the tendering process (Section 2);
 - (b) Overview of the Project, including key features of the structure and terms of the Standard Partnering Agreements (Section 3). This section includes a summary of the following provisions in the Standard Partnering Agreements:
 - (i) Overview of the **Partnering Services** (3.9);
 - (ii) **Exclusivity** (3.10);
 - (iii) **Development of the contracts for New Projects**, including the genesis of the Template Project Agreements, approach to land ownership and risk allocation between the Participants and hubco (3.11);
 - (iv) **Financial Returns**, including the mechanism in the Template DBFM Agreement for capping financial returns to hubco and the contractual status of the pricing information to be submitted in Final Tender Submissions (3.13);
 - (v) A summary of the **New Project approval process** (3.14);
 - (vi) An overview of how **value for money** will be demonstrated during the life of the Territory Partnering Agreement (3.15);
 - (vii) The **Project Development Fee** (3.16); and
 - (viii) **KPIs** (3.17) - an overview of the KPIs which will apply to hubco's performance and the contractual implications of failing to meet specified standards measured against such Key Performance Indicators;
 - (c) Procurement process, including the structure of the Dialogue and the clarification process (**Section 4**);
 - (d) Submission Requirements (**Section 5**); and
 - (e) Evaluation Methodology and criteria. This includes details of how the Non-Price and Qualitative Price evaluations will be combined to rank Tenderers (**Section 6**).

1.3 **Role of the PSDP**

1.3.1 The aim of the hub initiative is to improve the effectiveness of the existing community planning process by providing a vehicle for more effective planning, procurement and delivery of community based facilities in support of local services.

1.3.2 The appointed PSDP will be required to form hubco with the SFT and some or all of the Participants, pursuant to the Standard Form Shareholders Agreement. hubco will provide the Partnering Services to some or all of the Participants within the Territory pursuant to the Territory Partnering Agreement.

1.3.3 The Participants comprise:

- Ayrshire and Arran Health Board
- Dumfries and Galloway Health Board
- Lanarkshire Health Board
- The State Hospitals Board for Scotland
- Scottish Ambulance Service Board
- The Common Services Agency (commonly known as National Services Scotland)
- East Ayrshire Council;
- North Ayrshire Council;
- South Ayrshire Council;
- North Lanarkshire Council;
- South Lanarkshire Council;
- Dumfries & Galloway Council;
- Strathclyde Fire and Rescue;
- Strathclyde Joint Police Board;
- Dumfries & Galloway Fire & Rescue;
- Dumfries & Galloway Police;
- Scottish Court Service;

- Loreburn Housing Association and other Registered Social Landlords; and
- Irvine Bay Regeneration Company and other urban regeneration bodies

all having places of business in the geographical area of the SouthWest hub Territory (<http://www.scottishfuturestrust.org.uk/a.asp?a=65>) (the “Participants”) and their statutory successors and any organisation created as a result of a reorganisation or organisational changes of the Participants. For more information on the geographic delimitation, please see the SouthWest hub Territory map at Annex 1.

- 1.3.4 Key services provided by hubco are likely to include project development, supply chain assembly and management, estate management (including identifying options to meet service requirements, project identification and definition of specification) funding and the provision and demonstration of continuous improvement in value for money. A full description of the Partnering Services to be provided by hubco is given in Section 1 (*Specification*) of Schedule Part 3 (*Partnering Services*) of the Standard Form TPA.
- 1.3.5 The final form of the agreements to be entered into by the Participants, hubco and the PSDP will be as set out in the Standard Partnering Agreements except to the extent any amendment has been agreed between the Participants and the Preferred Tenderer prior to the close of the Dialogue and reflected in their Tenderer Specific Amendment Schedule. An overview of the terms of these agreements, including the Template D&B Development Agreement and Template DBFM Agreement forming part of the Standard Form TPA is provided in paragraphs 3.8 and 3.11 of this volume 1 of the Invitation.

1.4 **Project Pipeline**

- 1.4.1 An indicative Project pipeline is set out in the draft Territory Delivery Plan in Volume 3 to this Invitation. It includes the expected Identified Projects which will be formally allocated to the Territory Delivery Plan when the Final TPA is executed. The draft Territory Delivery Plan will be subject to further development by the Participants during the Dialogue Period.
- 1.4.2 hubco will have the right under the exclusivity provisions contained in clause 9 of the Territory Partnering Agreement to develop proposals in accordance with Schedule Part 5 (*Approval Process for New Projects*) of the Territory Partnering Agreement in respect of these Identified Projects and other Qualifying Projects. It is expected that the nature and extent of the development work required on the Identified Projects will reflect the amount of prior development work undertaken on them.

1.5 **Key Features of the Procurement Process and Dialogue**

- 1.5.1 The competitive dialogue procedure is to be adopted for the appointment of the PSDP for the SouthWest hub Territory.
- 1.5.2 Tenderers are required to submit the first Tender Dialogue Submission by 9th January, 2012 and two subsequent Tender Dialogue Submissions on the dates indicated in the timetable at paragraph 4.2.1. The contents of these submissions will form the basis of further discussions during the Dialogue. Topics which the Participants consider being particularly important and which are likely to form part of discussions during the Dialogue are highlighted throughout the Invitation in text boxes. However Tenderers are expected and encouraged to identify other possible topics for discussion which they consider appropriate and which the Participants may elect to include within the Dialogue.
- 1.5.3 The Dialogue will take the form of a series of Bilateral Meetings on an approximate four week cycle.
- 1.5.4 As stated in the Information Memorandum (but subject always to paragraph 4.3.3) it is the Participants' intention that there will be no interim down selection prior to issue of the Invitation to Submit Final Tenders.
- 1.5.5 Following the Invitation to Submit Final Tenders, Tenderers will be required to prepare Final Tender Submissions which explain how they will provide the Partnering Services to the Participants in such a way as will ensure long term value for money. The Participants' current expectations as to the detailed Final Tender Submission Requirements are set out in the Non-Price Evaluation Matrix in Appendix G and the Qualitative Price Evaluation Matrix in Appendix H to this Volume 1 of the Invitation. The final Tender Submission Requirements will be confirmed in the Invitation to Submit Final Tenders following the closing of Dialogue.
- 1.5.6 The Indicative Timetable for the Dialogue Period is set out at paragraph 4.2.1.

1.6 **Tender Evaluation Criteria**

- 1.6.1 Subject to paragraph 1.5.5, Final Tender Submissions will be evaluated using the evaluation criteria set out in Appendix G and Appendix H and paragraph 6 of this Volume 1 of the Invitation (as amended by the Invitation to Submit Final Tenders). The PSDP appointment will be awarded to the Tenderer that submits the most economically advantageous Tender.
- 1.6.2 The Tender Evaluation Criteria are split into two distinct categories – Price and Non-Price. The results from the Price Evaluation will account for **40%** of the overall final score. The Non-Price Evaluation will account for **60%** of the overall score.
- 1.6.3 Tenderers should note that the Final SHA and Final TPA will not be given a score as part of the evaluation. However, subject to paragraph 1.6.4, failure to confirm that the Final TPA and Final SHA are acceptable to the Tenderer, and that the Final Tender Submission has been submitted based on their terms and conditions will result in a Final Tender Submission being treated as non-compliant.
- 1.6.4 Amendments to the Standard Partnering Agreements agreed during the Dialogue with each Tenderer will be documented in a Tenderer Specific Amendment Schedule issued to that Tenderer with the Invitation to Submit Final Tenders. The Tender Specific Amendment Schedules will not of themselves be scored but they may be taken into consideration in the evaluation of the Final Tender Submissions against each of the Tender Evaluation Criteria.

2. GENERAL INFORMATION

2.1 The Invitation Information

- 2.1.1 The Invitation Information is being made available to Tenderers for their sole use and for the sole purpose of assisting them to prepare and submit a Tender in accordance with the requirements of this Invitation. It is being made available on condition that it is used only in connection with the Project and for no other purpose.
- 2.1.2 None of the Participants, the SFT or the Scottish Government, their advisors, or the directors, officers, members, partners, employees, other staff, agents or advisors of any such person:
- (a) makes any representation or warranty (express or implied) as to the accuracy, reasonableness or completeness of the Invitation Information. Any persons considering making a decision to enter into contractual relationships with the Participants following receipt of the Invitation Information should make their own investigations and their own independent assessment of the Participants and their requirements for services associated with the Project and should seek their own professional financial and legal advice; or
 - (b) accepts any responsibility for the Invitation Information or for its fairness, accuracy or completeness. Nor shall any of them be liable for any loss or damage (other than in respect of fraudulent misrepresentation) arising as a result of reliance on such information or any subsequent communication.

2.2 Right to Cancel or Vary the Process

- 2.2.1 The Participants reserve the right to:
- (a) cancel the tender process at any stage;
 - (b) require a Tenderer to clarify its Tender in writing and/or provide additional information; and/or
 - (c) amend the terms and conditions of the tender process.
- 2.2.2 The Participants reserve the right to withdraw from the tender process at any stage. No warranty is given that the Participants will enter into any agreement(s) based upon the Standard Partnering Agreements or otherwise.
- 2.2.3 The Participants reserve the right to issue supplementary documentation at any time during the process in order to clarify any issue or amend any aspect of the Invitation Information including, for the avoidance of doubt, the Standard Partnering Agreements and/or the Template Project Agreements. All such further documentation issued by the Participants during the tender process shall be deemed to form part of the Invitation Information and shall supersede any part of the Invitation Information to the extent indicated.
- 2.2.4 Tenderers' attention is drawn to the fact that, by issuing the Invitation, the Participants are in no way committed to accepting any Final Tender Submission.

2.3 Right to Reject and/or Disqualify

- 2.3.1 The Participants reserve the right to reject or disqualify a Tenderer where:
- (a) the Tender is submitted late, is completed incorrectly, is incomplete or fails to meet the Participants' submission requirements which have been notified to Tenderers; and/or
 - (b) the Tenderer or any Relevant Entity is guilty of serious misrepresentation in relation to its application and/or the process; and/or
 - (c) the Tenderer or any Relevant Entity contravenes any of the terms and conditions of this Invitation; and/or
 - (d) there is a change in identity, control, financial standing or other factor impacting on the selection and/or evaluation process affecting the Tenderer;
 - (e) the Tenderer places (and refuses to withdraw) confidentiality conditions on the content of the Tender which the Participants (acting reasonably) consider to be unnecessary and contrary to the intention of the FOISA; and/or
 - (f) there is any Material Change in Circumstances (as described in paragraph 2.12.1) of the Tenderer which may lead to the rejection of the Tenderer under Regulation 23 of the Regulations.
- 2.3.2 The disqualification of a Tenderer will not prejudice any other civil remedies available to the Participants and will not prejudice any criminal liabilities that such conduct by a Tenderer may attract.

2.4 **Changes to Tender Period Procedure**

The Participants reserve the right, at their discretion, to change the basis of, or the procedures for, the process, including the timing, form and substance of the procedure leading to the appointment of the PSDP, to reject any or all of the Tenderers or to reject any or all of the Final Tender Submissions. Under no circumstances shall the Participants incur any liability in respect thereof. Any changes to the procedure shall be communicated to the Tenderers as quickly as possible.

2.5 **Costs and Expenses**

All Tenderers are solely responsible for their costs and expenses incurred in connection with the tender process, the Dialogue, preparation and submission of their Final Tender Submissions and Tender Dialogue Submissions, the conduct of any subsequent clarification and any other aspect of the tender process. Under no circumstances will the Participants, SFT or the Scottish Government, or any of its advisors, be liable for any costs or expenses borne by the Tenderer or advisors in this process or for any economic loss or other loss of profit incurred by any Tenderer in relation to the Project.

2.6 **Conflict of Interest**

- 2.6.1 Any conflict of interest of a Tenderer or potential conflict of interest of a Tenderer shall be fully disclosed to the Participants as soon as such conflict or potential conflict becomes apparent to a Tenderer.
- 2.6.2 In the event of any conflict or potential conflict of interest, the Participants shall, in their absolute discretion, decide on the appropriate course of action.

2.7 **Confidentiality**

- 2.7.1 The Invitation is intended exclusively for the purpose of assisting Tenderers in discussing their proposals during the Dialogue Period and ultimately in submitting a Final Tender Submission if invited to by the Participants.
- 2.7.2 By receiving this Invitation, each Tenderer agrees to keep confidential this Invitation and all Invitation Information (the "Information Provided").
- 2.7.3 The Information Provided may be made available to a Tenderer's members, employees and professional advisors directly involved in the appraisal of such information (who must be made aware of the obligation of confidentiality and agree to be bound by it) but shall not, either in whole or in part, be copied, reproduced, distributed or otherwise made available to any other party in any circumstances without the prior written consent of the Participants, nor may it be used for any purposes other than that for which it is intended.
- 2.7.4 While the Information Provided has been prepared in good faith, it does not purport to be comprehensive or to have been verified by the Participants or their advisors. Neither the Participants nor their respective advisors, consultants, agents or servants shall be liable or responsible for negligence or failure to exercise any degree of skill or care in connection with the production of the Information Provided or for any action taken by any Tenderer as a result of the Information Provided.
- 2.7.5 The Information Provided does not warrant to provide Tenderers with solutions for the attainment of the Participants' objectives under the Project. It is the responsibility of each Tenderer to develop its proposals to ensure that the requirements of the Invitation are fully satisfied.
- 2.7.6 All Information Provided, including all copies, remains the property of the Participants and must be delivered to the Participants on demand.
- 2.7.7 Tenderers must, however, be aware that after the execution of any Project Agreement the Participant's full business case submission for the relevant project will become a public document setting out financial costs for the project.

2.8 **Freedom of Information**

- 2.8.1 All information submitted to the Participants and/or the Scottish Futures Trust may need to be disclosed and/or published by a Participant and/or the Scottish Futures Trust. Without prejudice to the foregoing generality, each Participant and/or the Scottish Futures Trust may disclose information in compliance with the FOISA or the Environmental Information Regulations, (the decision of each of the Participants and/or the Scottish Futures Trust in the interpretation thereof shall be final and conclusive in any dispute, difference or question arising in respect of disclosure under its terms), any other law, or, as a consequence of judicial order, or order by any court or tribunal with the authority to order disclosure.
- 2.8.2 Further, each Participant and/or the Scottish Futures Trust may also disclose all information submitted to them to the Scottish or United Kingdom Parliament or any other department, office or agency of Her Majesty's Government in Scotland or the United Kingdom, and their respective servants or agents. When disclosing

such information to either the Scottish Parliament or the United Kingdom Parliament it is recognised and agreed by both parties that any Participant and/or the Scottish Futures Trust shall if they see fit disclose such information but are unable to impose any restriction upon the information that they provide to Members of the Scottish Parliament, or Members of the United Kingdom Parliament; such disclosure shall not be treated as a breach.

2.8.3 Accordingly, if a Tenderer considers that any of the information included in the Tender Dialogue Submission, Final Tender Submission or any other information provided to the Participants and/or the Scottish Futures Trust is commercially sensitive/confidential, they shall identify such and explain (in broad terms) what harm might result from disclosure and/or publication. It shall be remembered though, that, even where Tenderers have indicated that information is commercially sensitive/confidential, Participants and/or the Scottish Futures Trust may disclose this information where they see fit.

2.8.4 Each Participant and/or the Scottish Futures Trust may publish, on its website, the names and contact details of companies who have been issued with an Invitation.

2.9 **Publicity**

No publicity regarding hub will be permitted unless and until the Participants' Nominated Person has given express written consent to the relevant communication.

2.10 **Canvassing**

2.10.1 Except as provided in the Invitation, Tenderers shall not approach staff of the Participants or staff of the Participants' advisors with a view to providing information or clarification in respect of any part of their Tender or proposals or attempting to support or enhance their prospect of being selected as Preferred Tenderer. Any such approach or attempted approach by a Tenderer may lead to the Tenderer's disqualification.

2.10.2 Tenderers shall be required to sign the Certificate of Non-Canvassing set out in Appendix B of this Volume 1 of the Invitation.

2.11 **Collusion**

2.11.1 Any collusion between Tenderers may lead to the exclusion of one or all Tenderers involved at the discretion of the Participants.

2.11.2 Tenderers shall be required to sign the Anti-Collusion Certificate as set out in Appendix C of this Volume 1 of the Invitation.

2.12 **Changes in Circumstances**

2.12.1 Each Tenderer shall be required immediately to bring to the Participants' notice any material change in the financial or other circumstances of the members of their consortia or any change in the membership of the consortia since the submission of the Pre-Qualification Questionnaire ("Material Change in Circumstances"). Any change in the membership of the consortia may only be made with the prior written agreement of the Participants. The Participants will

not withhold their agreement unreasonably, but such agreement will be subject to the Tenderer continuing to meet the established qualification criteria.

2.12.2 Any Material Change in Circumstances shall be evaluated in accordance with the Pre-Qualification Questionnaire evaluation criteria. Tenderers may be deselected from the competition if as a result of the Material Change in Circumstances they do not comply with the minimum requirements of the Pre-Qualification evaluation criteria or would not have been shortlisted to be invited to take part in the Dialogue had the Material Change in Circumstances been taken into account in the original Pre-Qualification evaluation.

2.13 **Conflict of Documents**

In the event of conflict between the Information Memorandum any other information provided in relation to the Project and the Invitation Information the provisions of the Invitation Information shall prevail.

2.14 **Jurisdiction and Governing Laws**

Scots law shall be applicable to the Invitation. The Scottish courts shall have exclusive jurisdiction in relation to any disputes arising from the Invitation.

2.15 **Conditions to acceptance of this Invitation**

The acceptance of the Invitation by a Tenderer will imply acceptance of the foregoing provisions by Tenderers without qualification. Any attempt to qualify any of the foregoing provisions in this paragraph, either expressly or impliedly, may result in the Tenderer being disqualified.

3. THE PROJECT DETAILS

3.1 hub

- 3.1.1 The aim of the hub initiative is to improve the effectiveness of the existing community planning process by providing a vehicle for more effective planning, procurement delivery and/or maintenance of community based facilities in support of local services.
- 3.1.2 The appointed PSDP will be required to form a new hubco with the public sector that will provide Partnering Services, primarily to deliver facilities (including administrative facilities) for Community Services (within the Territory). Key services provided by hubco are likely to include project development, supply chain assembly and management, estate planning (including identifying options to meet service requirements, project identification and definition of specification) funding and the provision and demonstration of long term value for money. A full description of the Partnering Services to be provided by hubco is given in Schedule Part 3 (*Partnering Services*) of the Standard Form TPA.
- 3.1.3 The commercial/contractual structure of hub will be broadly similar to NHS LIFT in England (albeit developed to better align with Scottish circumstances and developing best practice in the field of public sector procurement). From the outset, hub will involve a broad spectrum of public sector partners including fire and rescue boards, police boards and the Scottish Ambulance Service (as is the case with the Territory).
- 3.1.4 The initiative is being developed by the Scottish Government through the SFT, which is providing a range of support to the Territories.

3.2 Key Outcomes

- 3.2.1 hub's primary outcomes are:
- (a) improving the efficiency of delivery for community-based facilities;
 - (b) delivering economies of scale through shared facilities;
 - (c) making the best use of public resources; and
 - (d) providing continuous improvement in both cost and quality in public procurement.
- 3.2.2 hub will achieve this through the establishment of a project development and delivery vehicle for community based facilities, which will use a range of funding solutions from both the public and private sectors.

3.3 hub Objectives

- 3.3.1 The key objectives of the hub initiative are:
- (a) to provide enhanced local services by increasing the scale of joint service working and integration between Community Planning Partnerships, including the third sector, across Scotland;
 - (b) to deliver a sustained programme of joint asset management and investment into community based facilities and developments so that more services are provided locally in communities through multi-disciplinary teams working (wherever possible and appropriate) from single sites;

- (c) to establish a more efficient and sustainable procurement methodology for public sector bodies that:
 - reinforces joint strategic planning and delivery;
 - is stable and long-term;
 - delivers demonstrably better value for money than current procurement arrangements;
 - is flexible in its ability to respond to evolving service strategies and in being able to deliver through different contractual/ funding routes; and
 - is able to generate sufficient project size, volume and deal flow to attract private finance into the delivery and long-term management of the service;
- (d) to share learning and improve the procurement process;
- (e) to deliver facilities for Community Services that meet public sector policy objectives for design quality and sustainability;
- (f) to facilitate and improve the level of stakeholder engagement in the planning of services and development of facilities for Community Services; and
- (g) to Increase opportunities for local employment & training and other community benefits.

3.4 Benefits to the PSDP

3.4.1 The hubco arrangements will give the PSDP the opportunity to develop a long-term relationship with Community Planning Partnerships. In the past this is something that has proved difficult to achieve due to the fragmented nature of facilities planning and procurement.

3.4.2 The PSDP will work with the Participants to develop and construct a series of facilities in the SouthWest hub Territory and/or to provide FM services in relation to such facilities or other Community Service Facilities. Capital projects may be funded directly by Health Boards, who have access to capital resources for specific projects or Local Authorities, Fire and Rescue and Police Services who may use the PWLB. Where projects are delivered using private finance, the PSDP will have the opportunity (along with any other shareholders in hubco) to invest subordinated debt into the Sub-hubcos set up as single purpose vehicles for delivery of the individual projects. The attractions of investing in Sub-hubcos will include the following:

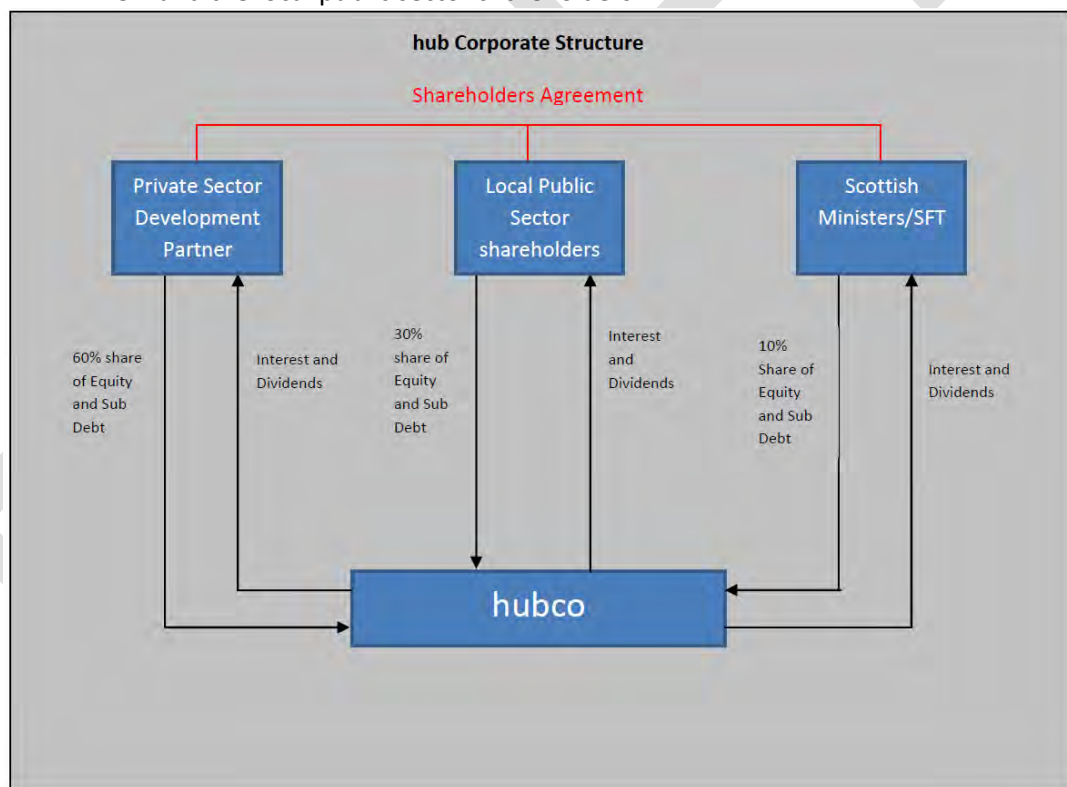
- (a) long term stable cash flows with common clients on common terms enabling a reduction in transaction costs for investments that, when aggregated, are significant;
- (b) a portfolio of investment opportunities across a locality;
- (c) a unique opportunity to work in partnership with public sector service providers in order to better understand their needs and demonstrate an ability to meet them; and
- (d) exclusivity (as outlined in paragraph 3.10 and described in clause 9 of the Standard Form TPA) subject to meeting the relevant approval criteria.

3.5 hub Structure

- 3.5.1 Having a long term joint venture structure between a number of Participants and a PSDP is important as it creates the basis for a formal partnership, the key features of which are:
- (a) Transparency of decision making;
 - (b) Sharing of risk; and
 - (c) Sharing of the financial returns.
- 3.5.2 The sharing of risks and returns, from the development and delivery of both D&B and DBFM projects, creates the incentives within the hub model to drive ongoing performance and improvement, it encourages the public sector Participants to place more capital projects within the hub structure and the private sector to deliver and manage these projects on an efficient basis.

3.6 Corporate Structure of hubco

- 3.6.1 The graphic below sets out the intended ownership structure of hubco (a company limited by shares) based on a joint venture between the PSDP, the SFT and the local public sector shareholders.



- 3.6.2 A 40% stake for the public sector shareholders has been proposed, with a 60% stake for the PSDP. The public sector stake will be split such that 30% is held by local partners and 10% is held by the Scottish Futures Trust. There will be robust protections for minority interests within the hubco corporate documents.
- 3.6.3 The board of hubco will be made up of 3 directors appointed by the PSDP, 1 director appointed by SFT, 1 director appointed by local public sector partners and a non-voting Chairman (appointed by the shareholders).

3.7 The Shareholders Agreement

- 3.7.1 The Shareholders Agreement will be entered into among hubco the PSDP and the public sector shareholders at the time that each party subscribes for shares in hubco. The Shareholders Agreement will regulate the relationship between the shareholders in addition to regulating the manner in which hubco and any wholly owned subsidiaries of hubco are to be managed.
- 3.7.2 It is proposed that the shares in hubco will be split into three classes with one class of shares being taken by the PSDP, another class of shares being taken by the local partners and a third class of shares being taken by Scottish Futures Trust Investments Limited. The Standard Form SHA sets out the rights to be attached to each class of share.
- 3.7.3 As mentioned above, the Standard Form SHA contains protections for minority interests. It sets out those key matters which require the prior consent of the holders of a majority of each class of shares in hubco before they can proceed.
- 3.7.4 The Standard Form SHA also sets out the procedure for the transfer of shares in hubco including restrictions on the transfer of shares held by the PSDP and provisions for a forced sale of the PSDP's shares in the case where there is a material default under the Territory Partnering Agreement which is not remedied. In addition, the procedure for the issue of new shares and debt and first calls over new shares and debt to be issued in hubco is set out in the Standard Form SHA.
- 3.7.5 The management of hubco is also dealt with in the Standard Form SHA with provisions detailing the makeup of the board, quorum for board meetings and how resolutions of the board are to be passed. In addition it is proposed that there will be a Shareholders forum which will allow shareholders to make representations to the board and each other on hubco's and each other's performance in relation to the Shareholders Agreement.
- 3.7.6 At the same time as the shareholders enter into the Shareholders Agreement, a set of articles of association of hubco will be adopted which will mirror those aspects of the Shareholders Agreement relevant for inclusion within articles of association.
- 3.7.7 The Standard Form SHA contains a template set of working capital loan provisions which reflect the Participants' proposals in respect of the provision of all, if any, working capital that is required from the Shareholders to hubco to facilitate its operation. Participants will confirm the maximum amount of public sector contribution available for this purpose during Dialogue. The PSDP will be expected to contribute no less than a pro-rata share of such working capital requirements.
- 3.7.8 The Standard Form SHA was developed on the basis of the NHS LIFT Shareholders Agreement utilising other aspects of long term partnering models familiar to the market, in particular the Building Schools for the Future model. It reflects the outcome of the pathfinder hub procurements in the South East and North hub Territories and the expectation is that Tenderers should be able to accept the agreement largely unamended (subject to true Tenderer-specific issues relating to corporate structures, for example).

3.8 The Territory Partnering Agreement

- 3.8.1 hubco will be required to enter into a Territory Partnering Agreement with some or all of the Participants. As noted in paragraph 1.3.5 above, the Territory Partnering Agreement will be in the form of the Standard Form TPA except to the extent any amendment has been agreed between the Participants and the Preferred Tenderer prior to the close of the Dialogue and reflected in their Tenderer Specific Amendment Schedule. The Standard Form TPA sets out the rights and obligations of the parties to the agreement, including the provision of Partnering Services by hubco and the 'exclusivity' granted to hubco by the Participants (described below). The Territory Partnering Agreement will be entered into between hubco and the Participants at the same time as the PSDP and public sector shareholders subscribe for shares in hubco and enter into the Final Shareholders Agreement.
- 3.8.2 It is important that the hub partnership runs for a significant period of time in order to:
- (i) realise the benefits of the hub programme including:
 - (1) procurement cost savings;
 - (2) cost efficiencies through supply chain management and continuous improvement; and
 - (3) economies of scale through joint public service delivery;
 - (ii) provide a pipeline of projects for delivery and investment by hubco, hence enabling the PSDP to achieve a suitable financial return; and
 - (iii) deliver performance improvement and added value as the public and private sector partners learn from each other and hubco develops a thorough understanding of the public sector requirements and existing estate of assets.
- 3.8.3 The Territory Partnering Agreement will therefore have a term of 20 years, with an option to extend for a further 5 years where agreed between hubco and one or more of the Participants. A key section of the Standard Form TPA contains the parties' aspirations for the partnering relationship between them. These aspirations are set out in clause 2 of the Standard Form TPA. The partnering relationship will be managed and the performance of hubco monitored by a partnering board, established under the Territory Partnering Agreement.
- 3.8.4 The Standard Form TPA contains the rights and obligations of hubco to provide a defined range of Partnering Services, which include the Project Development Partnering Services, relating to the development of proposals for New Projects. The terms on which proposals must be prepared and the approval process (and approval criteria) for such New Projects are set out in the Standard Form TPA in Schedule Part 5 (*Approval Process for New Projects*). New Projects shall be predicated on the basis of the most appropriate form of Template Project Agreement, subject to amendments justified on value for money or other, project specific, grounds.
- 3.8.5 The Standard Form TPA also set out the parties' respective rights and remedies in respect of a hubco or Participant (as the case may be) event of default. Those remedies extend from suspension of provision of the Partnering Services to

partial or full termination of the Territory Partnering Agreement (in the case of a Participant default) and from loss of exclusivity, required replacement of supply chain or, replacement of the PSDP to, ultimately termination of the Territory Partnering Agreement (in the case of a hubco default).

3.8.6 The Standard Form TPA was developed on the basis of the NHS LIFT Strategic Partnering Agreement, utilising appropriate aspects of other long term partnering models familiar to the market, in particular the Building Schools for the Future model. It reflects the outcome of the pathfinder hub procurements in the South East and North hub Territories and the expectation is that Tenderers should be able to accept the agreement largely unamended (subject to true Tenderer specific issues relating to enhanced delivery proposals, for example).

3.8.7 hubco during the 20-25 year period of the Territory Partnering Agreement will be expected to provide the core Ongoing Partnering Services and Project Development Partnering Services as detailed in Schedule Part 3 (Partnering Services) of the Standard Form TPA. Strategic Support Partnering Services will be provided at the option of individual Participants and paid for direct by them.

3.8.8 hubco, by working closely with the public sector partners, will be expected to deliver improvements in the way that projects are delivered and the supply chain is managed, including better design, lower construction and maintenance costs and the increased speed of delivery of new facilities. These improvements will be monitored through the value for money demonstration process for new projects and by measuring performance against key performance indicators and continuous improvement targets.

3.9 Partnering Services

3.9.1 The provision of Partnering Services is the most significant feature of the SouthWest hub Territory programme.

3.9.2 In broad terms, these services are intended to include all that hubco can significantly contribute to the process of developing New Projects to meet Participants' requirements and service needs including programme managing the delivery (and in some cases subsequent operation) of projects. Given that these services are likely to be delivered through a supply chain and in some cases require private finance, the Partnering Services include those aspects as well.

3.9.3 Tenderers will be required in the Final Tender Submissions, to provide detailed proposals of robust processes and procedures to ensure value for money is provided to the Participants in every case. The following sections of the Standard Form TPA provide further information relating to the provision of and payment for Partnering Services:

- (i) clause 8 (*Services Obligations*);
- (ii) clause 9 (*Exclusive Nature of this Agreement*);
- (iii) clause 10 (*Price and Payment for the Services*);
- (iv) clause 13 (*Value for Money*);
- (v) Schedule Part 3 (*Partnering Services*);
- (vi) Schedule Part 4 (*Partnering Services Costs*);
- (vii) Schedule Part 5 (*Approval Process for New Projects*); and
- (viii) Schedule Part 6 (*New Project Pricing Report*).

- 3.9.4 As the relationship develops with the Participants additional services (such as those referred to in paragraph 3.9.5(c)) could be provided at the request of Participants. Payment for these services would be direct to hubco from the relevant Participants.
- 3.9.5 The Partnering Services described in Schedule Part 3 (*Partnering Services*) are therefore classified as follows:
- (a) Ongoing Partnering Services, being constant or recurring Partnering Services, which shall include:
 - (i) Partnering and Collaborative Working;
 - (ii) Supply Chain Management; and
 - (iii) Value for Money.
 - (b) Project Development Partnering Services, being Partnering Services provided by hubco in connection with the development of New Projects, which shall include:
 - (i) New Project Development and Delivery;
 - (ii) Selection from Supply Chain for each New Project;
 - (iii) Funding; and
 - (iv) Value for Money.
 - (c) Strategic Support Partnering Services that may be required by the Participants such as:
 - (i) Strategic Estate Planning;
 - (ii) Service Planning; and
 - (iii) Value for Money.
- 3.9.6 Subject to compliance with applicable law (including procurement rules and regulations) Strategic Support Partnering Services falling within paragraph 3.9.5(c) may be individually procured by one or more Participants on an ad-hoc basis on terms and conditions appropriate for the particular circumstances and paid for by the relevant Participant(s) at rates and prices quoted by hubco and accepted by the relevant Participant(s) in advance. These rates and prices shall be consistent with the content of the schedule of Partnering Services Costs rates to be included in the Territory Partnering Agreement (as updated from time to time in accordance with the Territory Partnering Agreement) subject to whatever adjustments may be appropriate in each case.
- 3.9.7 Payment for the Project Development Partnering Services relative to Stage 1 of the new project approval process contained in Schedule Part 5 (*Approval Process for New Projects*) of the Territory Partnering Agreement may be recovered from the relevant Participant(s) at the end of Stage 1 for approved projects. Payments for the Project Development Partnering Services relative to Stage 2 of the New Project approval process contained in Schedule Part 5 (*Approval Process for New Projects*) of the Territory Partnering Agreement shall come from the underlying approved projects in accordance with the terms set out in Schedule Part 4 (*Partnering Services Costs*) and Schedule Part 5 (*Approval Process for New Projects*) of the Standard Form TPA. It is expected that payment for the Ongoing Partnering Services will come through fees charged against the underlying projects delivered by hubco and this is reflected in the Standard Form TPA. The Participants expect to explore options for payment for Ongoing Partnering Services with Tenderers during the Dialogue Period and Tenderers' respective Tenderer Specific Amendment Schedules may reflect specific proposals in this regard.

3.10 Exclusivity

3.10.1 The hub programme will have a potential pipeline of work over this period of 20 years. For the first 10 years of this period, the Participants signing up to the Territory Partnering Agreement are required to give hubco the first opportunity to bring forward proposals for Qualifying Projects. If hubco fails to satisfy the public sector partners' identified and prescribed requirements, then the right is reserved for the Participants to procure through other means. This exclusivity arrangement will be withdrawn if hubco performance is poor (based on agreed targets for performance and continuous improvement). Finally, this exclusivity will be subject to any variation required or recommended by applicable competition and/or procurement laws.

3.10.2 The exclusivity provisions are set out in Clause 9 of the Standard Form TPA. They can be summarised as follows.

Hub Territory Participant	Exclusivity
Health Boards	<ul style="list-style-type: none"> • Identified Projects (the current expectation as to identity of these is as defined although this is not a guaranteed or committed list). • All new build facilities having a capital value in excess of £3.5 million (Index Linked) in February 2011 prices (whether or not also involving the provision of hard FM and maintenance services) ("Major Capital Projects") – <ul style="list-style-type: none"> ○ identified by a Health Board as being required to enable them to provide primary and community based health services in the Territory; and ○ where procurement is to commence within 10 years of TPA commencement. • Capital projects relative to the provision of Community Services which are not included in the above and are allocated to hub through the process established under the TPA (see below).
Local Authorities (including Police and Fire & Rescue Authorities) and other public bodies	<ul style="list-style-type: none"> • Identified Projects (the current expectation as to identity of these is as defined although this is not a guaranteed or committed list). • Capital projects (not included in the final list of Identified Projects) relative to the provision of Community Services, which are allocated to hub from time to time through the process established under the TPA.
Projects procured jointly by Health Boards and Local Authorities (including Police and Fire and Rescue Authorities) and	<ul style="list-style-type: none"> • Identified Projects (the current expectation as to identity of these is as defined although this is not a guaranteed or committed list). • All projects for new build facilities procured jointly by a Health Board and a Local Authority which are Major Capital Projects and: <ul style="list-style-type: none"> • in respect of that part of the facilities being procured for a Health Board have been: <ul style="list-style-type: none"> ○ identified by a Health Board as being required to enable them to provide primary and community based health and

Hub Territory Participant	Exclusivity
other public bodies	<p>social/children's services in the Territory; and</p> <ul style="list-style-type: none"> ○ where procurement is to commence within 10 years of TPA commencement, and for which the Health Board is leading the procurement. <ul style="list-style-type: none"> • Capital projects (not included in the final list of Identified Projects or otherwise falling within the projects specified above) relative to the provision of Community Services, which are allocated to hub from time to time through the process established under the TPA (see below).
All Participants	<ul style="list-style-type: none"> • Projects involving Facilities Management (“FM”) services in relation to premises used for the provision of Community Services, allocated to hub from time to time through the process established under the TPA.
<p>General Points</p> <ul style="list-style-type: none"> • Exclusivity means that if a Participant wishes to proceed with a relevant project it MUST give hubco the opportunity to develop proposals and will only be entitled to decline the offer from hubco if certain requirements which will be set out in the TPA are not met (e.g. required outputs, affordability and demonstrable value for money etc) and only then will the Participant be able to procure the relevant project elsewhere. • Where exclusivity relates to projects allocated to hub from time to time, it will only apply from the point at which the project is formally allocated by the relevant Participant(s) to hub through inclusion in the Territory Delivery Plan. • The process for formal allocation of such projects to the Territory Development Plan will be set out in the TPA. • The actual identity of the named projects will be confirmed (and those projects will be formally allocated to the Territory Development Plan) by the date of execution of the TPA and Shareholders Agreement. • Exclusivity may be withdrawn if hubco fails to meet Key Performance Indicators (which will be developed in accordance with the TPA) over a specified period. Such failures may be remedied over a further rolling period. Unremedied failures may ultimately lead to termination of the TPA and/or the exercise by the Participants of their other remedies in such circumstances (e.g. replacement of the PDSP as a shareholder in hubco). 	

3.10.3 Volume 3 to the Invitation contains a draft Territory Delivery Plan which sets out in addition to the expected Identified Projects, details of projects which may be formally allocated to hubco during the 10 year exclusivity period, using the Territory Delivery Plan mechanism referred to above.

3.11 Contracts for New Projects

3.11.1 The Template Project Agreements

- (a) In broad terms the default position will be that the occupier Participant (or lead occupier Participant in the case of shared facilities) enters into one of the following contracts with the Project Service Provider:
 - (i) a design, build finance & maintain agreement. In this form hubco will be required to raise finance for all or a material part of the capital cost; or
 - (ii) a design & build development agreement with or without the addition of longer term maintenance responsibility. In this model the capital cost will be paid by the public sector occupiers.
- (b) Volume 2 of this Invitation includes a template for both forms of contract, which will be incorporated into the Standard Form TPA at Schedule Part 7 (*Template Project Agreements*). As many clauses as possible are common to both templates. Clause 6 of the Standard Form TPA must be read with the IMPORTANT NOTICE at the beginning of each of the Template Project Agreements which sets out the rules which will apply after the execution of the SouthWest hub Territory Partnering Agreements for using the Template Project Agreements and adjusting their terms to take account of the specific circumstances of each New Project. All amendments and derogations will be subject to the prior approval of the SFT.

3.11.2 Land Ownership

- (a) In the majority of cases land will be provided by the Participants and rights to occupy for the necessary purpose will be granted to the Project Service Provider for purposes of performing its obligations under the Project Agreement. This is the basis on which the Template DBFM Agreement has been drafted. In appropriate cases (e.g. where there is a meaningful residual value risk that can be transferred) land may be owned by the Project Service Provider and the project facility leased to the occupying Participants or lead Participant. In that case, the Template DBFM Agreement will have to be amended accordingly and the appropriate leases entered into.

3.11.3 Risk Allocation

- (a) The Template Project Agreements are based on the standard risk allocation in a standard NHS PPP contract, subject to the exceptions noted below. Tenderers' views on alternative approaches to risk allocation on certain key issues will be a subject for discussion during the Dialogue.
 - (i) **Template D&B Development Agreement**
The risk allocation in this agreement is based on the standard risk allocation for the construction phase of the standard form NHS PPP contract with the exception, broadly, of discriminatory and specific Change in Law and title risk. The

Project Agreement Counterparty will take undisclosed title risk (as opposed to sufficiency of land risk).

(ii) **Template DBFM Agreement**

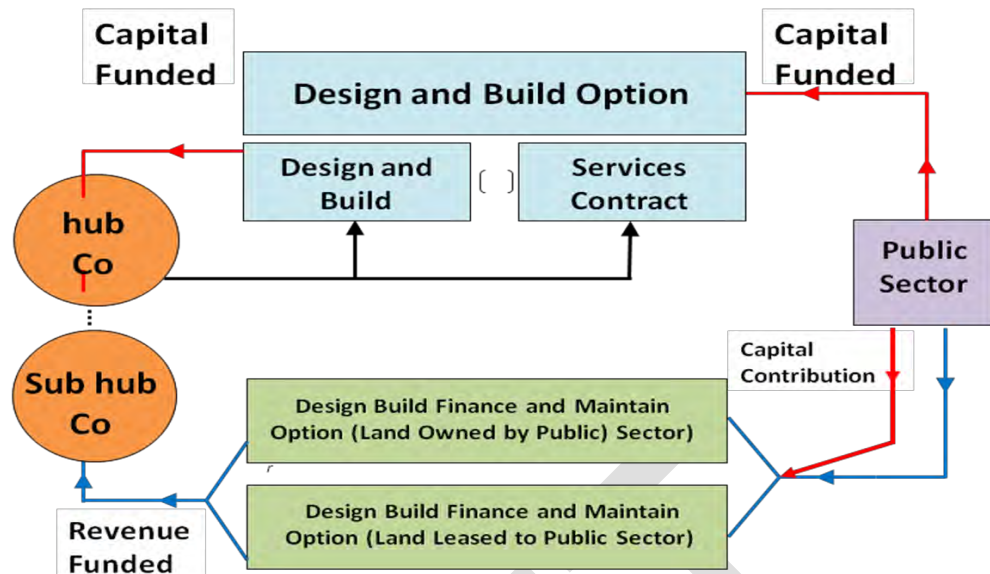
The risk allocation in this agreement also replicates the risk allocation in the standard form NHS PPP contract with the exception of the following risks which will be retained by the Project Agreement Counterparty:

- undisclosed title risk
- risk of capex arising from unforeseen change in law during the operational period
- energy usage and price risks
- changes in insurance premia arising from movements in the insurance market generally
- vandalism (in schools).

The template DBFM Agreement also adopts different approaches from the standard form NHS PPP contract in the following respects:

- energy efficient design will be a design requirement and will be managed through design review, monitoring during construction and testing by appropriate completion tests prior to handover
- internal decoration and window cleaning are excluded from the maintenance service and the Project Agreement Counterparty will have minimum periodic maintenance obligations for these items
- variations are regulated by a version of the Change Protocol developed for the BSF programme in England. An option to allow the Project Agreement Counterparty to carry out certain very minor classes of changes for itself is provided
- some mechanisms from other standard forms of contract have been used (e.g. Authority step-in and Warning Notices)
- the payment mechanism has been developed from concepts used in the health and schools projects to produce a standard approach for accommodation projects across sectors
- an IRR sharing and cap mechanism has been incorporated (see paragraph 3.13 below).

(b) The different funding types and flows relative to the respective contracting routes are illustrated by the flow chart set out below.



3.11.4 Service contracts

For Projects (other than DBFMs) that require hubco to provide or procure FM services (either additionally to design and build services or on a standalone basis), no template project agreement is provided. In such circumstances an appropriate form of contract will need to be agreed between hubco and the relevant Participant(s).

3.12 Vehicles for Specific Projects

3.12.1 It is anticipated that some projects (including most that are wholly or partially debt funded) will be delivered through a Sub-hubco set up for that project alone. The Sub-hubco would typically also sign a series of other agreements for the delivery of its responsibilities: a construction contract, an FM agreement and a credit agreement for senior debt with a funder, in addition to the Project Agreement with the occupier/lead Participant(s). On the successful completion of the construction of the facilities, the Project Agreement Counterparty will commence service payments, which should cover Sub-hubco's operational costs, bank debt service requirements and the subordinated debt service due to hubco or other subordinated debt providers.

3.12.2 Sub-hubco is also likely to sign a contract with hubco for the provision of management services by hubco, as it is not expected that the Sub-hubco will have any direct employees and instead would contract with hubco for the provision of contract management services, financial management and occupier relationship management etc. These costs will be included as part of the proposal and approval process for the New Project and will be calculated in an open and transparent manner according to agreed principles enshrined in the Territory Partnering Agreement.

3.12.3 The reason for setting up a separate Sub-hubco for appropriate projects is that it is non-recourse to hubco on any default of Sub-hubco. At the same time Sub-hubco is established on a sufficiently strong basis to persuade lenders to lend significant sums into it. To be robust it is likely that the Sub-hubco will 'pass

down' most of the risks it is assuming to sub contractors – both construction and FM provider. This structure should insulate hubco from any issues of cross default – i.e. default in one project will not bring down other projects.

- 3.12.4 The governance and management arrangements for hubco and Sub-hubco will be focused on efficiency and alignment with the interests of the partners.

3.13 **Funding/Financial Returns**

- 3.13.1 Where a Sub-hubco is formed for a specific project it is anticipated that hubco will provide the whole equity capital requirement of the Sub-hubco, and could also provide a subordinated loan for this vehicle, calling on funds invested in hubco by its shareholders. It is, however, possible that alternative structures for the provision of the subordinated debt element may be considered – for example direct provision of subordinated debt to Sub-hubco by hubco shareholders. The Sub-hubco will enter into the Project Agreement with the relevant Participant. The relevant Participant may be a public sector shareholder in hubco or a Participant that is not also a shareholder in hubco.
- 3.13.2 It is expected that hubco will generate dividends (and may generate interest where it provides subordinated debt) from its investments in a series of Sub-hubcos, and further revenues from management services contracts with Sub-hubcos and from fees from Project Agreements which it enters into itself (these may include design and build contracts). These revenues will be used to cover the costs of running hubco – principally staffing costs, to service the debt and capital invested by its public and private sector shareholders and pay dividends to the shareholders in hubco.
- 3.13.3 Sub-hubcos will be a wholly owned subsidiary of hubco (to ensure 100% ownership of the underlying assets by the joint venture). The level of share capital investment required is expected to be relatively modest. It is not proposed that the subordinated debt investment into Sub-hubcos is mandatory for all hubco shareholders – although the preferred position is that all investors in hubco do participate fully. If there is not a full 30% take-up of the required subordinated debt from the public sector shareholders (other than SFT), SFT would have the first refusal in taking up any shortfall. If SFT decided not to exercise this option in whole or in part, the PSDP would have the opportunity to increase their subordinated debt investment levels.
- 3.13.4 As indicated above, dividends will be payable to hubco where they are generated by Sub-hubcos, and the profits of hubco will be shared between the shareholders in hubco.
- 3.13.5 The information provided in response to the Pricing Data proformas in Appendix I (other than Proformas 4 and 6) by the Preferred Tenderer will be inserted into the Territory Partnering Agreement at Appendix 1 (*Pricing Data*) of Schedule Part 4 (*Partnering Services Costs*) and become the Pricing Data. By applying an analysis to information to identify any appropriate and necessary adjustments to reflect the actuality of such New Projects, such information will be used as follows:
- (a) to set capped levels of Project Development Fees (see paragraph 3.16 below); and
 - (b) Methodologies for the application of all adjustments will be developed during the Dialogue. All other adjustments will be incorporated within

the adjustment matrices as included within Appendix N to this Volume 1 of the Invitation.

- 3.13.6 The information provided in response to Proforma 6 in Appendix I will be inserted into the Territory Partnering Agreement at Section 4 (*Partnering Services Costs Rates*) of Schedule Part 3 (*Partnering Services*) and will be the rates at which Ongoing Partnering Services and Project Development Partnering Services costs will accrue. They will also form the basis for agreement between hubco and individual Participants for payment of Strategic Support Partnering Services. The rates will be adjusted annually by reference to RPI and otherwise as agreed in terms of the Territory Partnering Agreement, taking into account relevant local and national trends, the prices actually paid by hubco for similar services and continuous improvement targets.
- 3.13.7 This section sets out the objective, principles and proposed outline mechanism for an investor return sharing and capping mechanism for hub DBFM projects.
- (a) **Objective:** the overall objective of the investor return sharing and capping mechanism is to ensure that windfall profits above the tendered cap level, if any, that otherwise would have accrued to hubco from its equity investment in a Sub hubco set up for a privately financed DBFM project are shared with the Participant who is paying for the project facility (the “Relevant Participant(s)”).
- (b) **Principles:** The following principles will apply in considering an appropriate mechanism for investor return sharing and capping:
- (i) The following definition of investor return is to be adopted:
means the projected final blended internal rate of return of the Investors post tax (in relation to any tax payable or to be paid by Sub-hubco on the aggregate of the junior debt and equity expressed in nominal terms having regard to:
- (a) all actual distributions that have been made or paid to the Investors;
- (b) the proposed distribution at the relevant Distribution Date [define?] and
- (c) all projected distributions
and calculated from the actual point of investment of moneys by the investors rather than the point of commitment to invest, on the assumption, whether or not a fact, that the Investors are a single person”
- (ii) In setting thresholds for investor return sharing and capping it is not considered relevant to reference stand-alone PFI contracts for the following reasons:
- (1) There will be no bid cost risk for the appointed PSDP on DBFM projects as it will not be in competition with other bidders;
- (2) There is a reduced risk profile in the Template DBFM Agreement compared with that in recently signed PFI contracts e.g. in relation to change in law and insurance premium risk;
- (3) The Relevant Participant is likely to be a co-shareholder in the DBFM project. This should bring a shared responsibility and partnership approach to resolving issues and serve to de-risk the project;
- (iii) The Participants therefore believe that the base case investor return should be significantly below the market norm for

stand-alone PFI projects and, on similar rationale, the cap on investor returns should be within a few percentage points of the base case investor return;

(iv) It is understood that the bank ratios (generally debt service cover ratio and loan life cover ratio) required by a funder can impact on the investor return, as these ratios serve to ensure that there is sufficient surplus cashflow (over and above that required to service senior debt) in a project to give the funder security that they will be repaid. **Where these surplus cashflows initially indicate a higher level of investor return than that agreed as the base case investor return in the contract, contributions to the Relevant Participant for that project should be factored in to return the investor return to the base case investor return.?** Such contributions taking place will be subject to meeting bank ratio requirements at the time of distribution, in the same way that subordinated debt and share capital distributions are controlled. Therefore the level of bank ratios expected in DBFM projects should not be considered as creating a floor or minimum level of base case investor return;

(v) Where the refinancing of a DBFM project takes place, the mechanism for sharing gains with the Relevant Participant will follow the structure set out in Schedule Part 23 of the Template DBFM Agreement. Therefore refinancing gains will be specifically excluded from the sharing and capping mechanism which will be specified in clause 36 of the Template DBFM Agreement. It is expected that this exclusion will be reflected in lower levels of investor return cap proposed by Tenderers;

(vi) Any distribution to the Relevant Participant (or Annual Service Payment reduction) which falls due from the agreed investor return sharing and capping mechanism will be subject to similar controls as those on dividend distribution. They will therefore be subject to lock-up provisions agreed with the senior funder and the directors of hubco will need to agree that it is appropriate for the distribution (or Annual Service Payment reduction) to be made. Once the distribution (or Annual Service Payment reduction) is made, it will not be subject to any subsequent clawback mechanism.

(c) **Outline Mechanism:** The proposed outline mechanism to deliver the objectives stated above is as follows:

(i) Tenderers will be required to bid two investor return thresholds:

- (1) An initial threshold being the base case investor return above which any excess will be shared, and the proposed basis for sharing, with the Relevant Participant (i.e. the Participant who, as lead authority, is counterparty to the DBFM Agreement);
- (2) An absolute threshold above which 100% of the excess will pass to the Relevant Participant.

The Relevant Participant will, where appropriate, share what it receives with other Participant users of the project facility.

- (ii) Tenderers may propose an alternative mechanism for sharing any excess between the initial and absolute thresholds if they can demonstrate that this serves to reduce the base case investor return and absolute investor return cap below the levels set under a 50:50 sharing mechanism;
- (iii) The positions which the Participants agree with the successful Tenderer pursuant to sub-paragraphs (i) and (ii) above will be reflected in the Template DBFM Agreement (which will be part of the Territory Partnering Agreement) and the investor return sharing mechanism will operate as set out in clause 36 of the Template Project Agreement on individual DBFM projects accordingly.

3.14 New Project Approval

- 3.14.1 hub will apply the 2 stage New Project Approval Process outlined in Appendix E and set out in detail in Schedule Part 5 (*Approval Process for New Projects*) of the Standard Form TPA.
- 3.14.2 Relevant Participants will be required to obtain business case approvals in accordance with their standard procedures in parallel with the 2 stage procedure for the production and approval of proposals for New Projects in Schedule Part 5 (*Approval Process for New Projects*) of the Standard Form TPA and ensure that these are in place at the appropriate approval stage.
- 3.14.3 The information contained in the Stage 1 and 2 Submissions will form the basis of the business cases.
- 3.14.4 Required approvals for the NHS in the current Scottish Capital investment Manual guidance are as follows:

Project Type	NHS approval threshold	
D&B	NHS Dumfries & Galloway <£1.0M NHS Ayrshire & Arran < £1.5M NHS Lanarkshire < £3.0M	NHS Board and the Capital Investment Group approval required for project values in excess of those specified.
DBFM	NHS Board and the Capital Investment Group	NHS Board and the Capital Investment Group

Architecture + Design Scotland and Health Facilities Scotland provide support to SGHD **[define/extrapolate?]** on guidance and compliance with those aspects of statutory and mandatory requirements particular to the procurement, design and delivery of healthcare buildings and guidance on best practice. www.ads.org.uk; www.hfs.scot.nhs.uk

- 3.14.5 Approval requirements for Local Authority Participants will be as is required by the relevant Standing Orders or procedures.

3.15 Establishing Value for Money

- 3.15.1 hubco shall be obliged to work with the Relevant Participant(s) and relevant end users to ensure the best available value for money solution is achieved through the appropriate consideration of all viable options and informed choices by hubco

stakeholders and the Relevant Participant(s). The Standard Form TPA sets out a process for doing so in Schedule Part 5 (*Approval Process for New Projects*) and Schedule Part 6 (*New Project Pricing Report*).

3.16 Reimbursement of the cost of Project Development Partnering Services

- 3.16.1 Payment for Project Development Partnering Services will be by a Project Development Fee which should include recovery of the Partnering Services Costs incurred directly in connection with the relevant New Project.
- 3.16.2 The Project Development Fee will cover taking the proposed New Project through the New Project Approval Process (split between Stage 1 Approval and Stage 2 Approval) right up to contract award, and include for example, design costs, finance and legal advice, technical advice, and survey costs (other than those which in terms of the Standard Form TPA are to be met by the Relevant Participant(s) directly).
- 3.16.3 Fees will be calculated on the basis of time involved and the relevant rates in the schedule of Partnering Services Costs rates or any alternative basis, more beneficial to the Relevant Participant(s), agreed by the Relevant Participant(s).
- 3.16.4 hubco and the Relevant Participant(s) will agree a cap to apply to the Project Development Fee for each Stage of the New Project approval process and for each element of the Project Development Fee before commencing Stage 1. hubco must submit a proposed development fee for each stage of the New Project as part of the Stage 1 Submission, which must be within the agreed cap. Once a New Project achieves Stage 1 Approval, the relevant Partnering Services Costs actually and properly incurred will be payable to hubco as part payment of the Project Development Fee, subject always to the applicable cap (save to the extent the Participants agree alternative arrangements as to timing which are more beneficial to the Participants, as proposed by the Preferred Tenderer).
- 3.16.5 The Project Development Fee Cap will be set by reference to the Pricing Data, as outlined in paragraph 3.13.5
- 3.16.6 The Partnering Services Costs Rates shall adjust as set out in paragraph 3.13.6.

3.17 Key Performance Indicators and Continuous Improvement Targets

- 3.17.1 hubco and the Participants will commit themselves to the achievement of continuous, measurable and measured improvement for hubco by agreeing Key Performance Indicators and measuring and reviewing the contractual performance of hubco against these KPIs in accordance with the Territory Partnering Agreement.
- 3.17.2 hubco will also have an obligation to provide and demonstrate continuous improvement in the overall value for money of New Projects and in relation to both the Partnering Services and Project Services. Continuous improvement targets will therefore be developed during Dialogue and during the term of the Territory Partnering Agreement.
- 3.17.3 The TPB will act as the primary mechanism for managing hubco's performance. hubco will be required to regularly monitor performance of hubco (and its Partnering Subcontractors) and report the results annually to the TPB.

- 3.17.4 If hubco fails to achieve specified standards measured against relevant KPIs (to be developed during Dialogue) then, subject to relief in certain circumstances, such a failure would be a Significant Performance Failure and would constitute a hubco Event of Default.
- 3.17.5 The TPB will also conduct a Track Record Test to check whether hubco has achieved certain minimum standards in respect of specified KPIs (to be developed during Dialogue). During any period where hubco has failed the Track Record Test exclusivity may be suspended in respect of any Participant by such Participant serving written notice on hubco. Any such suspension will expire automatically where hubco passes a subsequent Track Record Test.
- 3.17.6 Tenderers' proposals on KPIs and Significant Performance Failures and the Track Record Test should form part of Tender Dialogue Submission 2 in the form contained in Appendix D to this Volume 1 of the Invitation and in accordance with the guidance contained therein.

3.18 Approach to Design

- 3.18.1 Scotland's Infrastructure Investment Plan 2008 establishes that good design is key to achieving best value from all public sector investment. *"In developing Scotland's infrastructure, the Scottish Government recognises that good building design should be responsive to its social, environmental and physical context. It should add value and reduce whole life costs. Good building design should be flexible, durable, easy to maintain, sustainable, attractive and healthy for users and the public; and it should provide functional efficient adaptable spaces ... Equally important to the design of individual buildings is the design of sustainable places. Well-designed buildings and places can revitalise neighbourhoods and cities; reduce crime, illness and truancy; and help public services perform better"*. It is this approach - which is underpinned by national policies on Architecture and on Place Making – that will inform the development and appraisal of all projects.
- 3.18.2 NHS Scotland has developed additional, sector-specific, principles and approaches to achieving design quality. These are founded on the growing body of research known as 'Evidence Based Design' that links the quality of the built environment to the quality of patient outcomes, and the understanding that design is "the intelligent application of a scarce resource". Health Boards will, as part of the business case approvals process for all projects over the delegated limit, be required to demonstrate that proposed infrastructure investment projects will deliver high quality environments that both support new working methodologies and the broader objectives of public sector investment described above. Design guidance in relation to this is listed below:
- (a) A Policy on Design Quality for NHS Scotland - NHS HDL(2006)58
http://www.sehd.scot.nhs.uk/mels/CEL2010_19.pdf
 - (b) A Vision of Health. <http://www.ads.org.uk/documents/603/603.pdf>
 - (c) Case Notes: Client Leadership.
<http://www.ads.org.uk/documents/564/564.pdf>
 - (d) Other relevant guidance can be found at the following web site, and information on the new process for assessing design in the business case

will be listed here in due course:

<http://www.pfcu.scot.nhs.uk/Guidance/Other/Design.html>

3.18.3 In relation to sustainability, as an integral part of design quality, it is current Health Directorate policy for Health Boards to aim to achieve BREEAM Health 'excellent' rating for new builds and 'very good' rating for refurbishment of existing properties. Local Authorities typically aim to achieve BREEAM 'very good' or above. Guidance in relation to national approaches both cross-sectoral and for Health can be found below:

- (a) People Places and Planet. <http://www.ads.org.uk/documents/559/559.pdf>
- (b) A Sustainable Development Strategy for NHSScotland
http://www.pcpd.scot.nhs.uk/PDFs/CEL2009_15.pdf

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4. OVERVIEW OF THE PROCUREMENT PROCESS

4.1 EU Procurement

In accordance with the OJEU contract notice **2011/S 159-262657** which was published on **16th August 2011** the competitive dialogue procedure is to be adopted for this Tender competition to appoint the PSDP for the **SouthWest hub Territory**.

The Tenderer submitting the most economically advantageous Final Tender will be appointed as the PSDP.

4.2 Indicative Timetable

4.2.1 The Indicative Timetable for the Dialogue Period is as follows:

Dialogue Phase	Deadline
Issue of ITPD to shortlist	28th November 2011
Kick-off Meetings	5th, 6th and 7th December, 2011
Bilateral Meetings	13nd, 14rd and 15th December, 2011
Tender Dialogue Submission 1	10th January 2012
Bilateral Meetings	31st Jan, 1st Feb and 2nd Feb 2012
Tender Dialogue Submission 2	13th February 2012
Bilateral Meetings	29th February 2012, 1st and 2nd March 2012
Tender Dialogue Submission 3	13th March 2012
Close of Dialogue Meetings	4th, 5th and 6th April 2012
Issue of Invitation to Submit Final Tender	15th May 2012
Final Tenders Submitted	19th June, 2012
Preferred Tenderer Selection	7th August 2012
Preferred Tenderer approved by Board	27th August 2012
Execution of Final SouthWest hub Partnering Agreements	18th October 2012

4.2.2 The Indicative Timetable will be kept under review and updated from time to time as necessary.

4.2.3 Tenderers shall note and comply as relevant with key dates in the process contained in the Indicative Timetable set out above unless told otherwise. The Participants attach considerable importance to achieving this timetable.

4.3 Competitive Dialogue Procedure

4.3.1 As provided for in the Regulations, the competitive dialogue procedure enables the Participants to engage in dialogue with each Tenderer with the intention of identifying and defining solutions for the delivery of the Project which satisfy the needs of the Participants.

4.3.2 The Dialogue Period will proceed in accordance with the Indicative Timetable. It will take the form of a series of initial bilateral meetings in which Tenderers will be able to discuss and clarify the Participants' requirements and outline their emerging proposals. After these initial bilateral meetings Tenderers will be invited to submit Tender Dialogue Submissions containing key aspects of their proposals which shall form the basis of the ongoing dialogue through to the

Invitation to Submit Final Tenders. Details of the Dialogue for each of the technical/quality, financial and legal/commercial work streams are set out below in paragraphs 4.5, 4.6 and 4.7 below.

- 4.3.3 Tender Dialogue Submissions will not be used to down select Tenderers during the Dialogue Period, but rather to inform the Dialogue through to the Invitation to Submit Final Tenders. Compliant submission of Tender Dialogue Submissions will be a condition of continued involvement in the competition. Failure to submit a compliant Tender Dialogue Submission may result in a Tenderer being excluded from further involvement in the competition.
- 4.3.4 Dialogue shall continue until the Participants are satisfied that all material financial, legal and technical issues in relation to the proposed solutions have been resolved and they can identify solutions capable of meeting their needs. At this point, the Participants shall notify Tenderers that the Dialogue has been concluded.
- 4.3.5 Tenderers who are to be invited to submit a Final Tender Submission shall be provided with an Invitation to Submit Final Tender which will set out the date for receipt by the Participants of the Final Tender Submissions.
- 4.3.6 Tenderers should note that significant or material changes to any aspect of the Final Tender Submission will not be permissible after the submission of Final Tender Submissions or after the appointment of Preferred Tenderer and any attempt by a Tenderer to do so may result in the Preferred Tenderer appointment being terminated.

4.4 **Bilateral Meetings/Cycles**

- 4.4.1 During the Dialogue Period the Participants shall conduct a dialogue process through Bilateral Meetings with each Tenderer to consider each Tenderer's outline proposals. Before and after each Bilateral Meeting Tenderers and the Participants will be required to provide the information noted below and complete the actions taken at the end of each meeting. Each Bilateral Meeting and the preparation and actions after each meeting will form a Bilateral Meeting cycle ("Bilateral Cycle").
- 4.4.2 Notwithstanding that the Participants may not have objected to nor rejected a Tenderer's outline proposals during the Dialogue Period, those proposals shall not be considered to have been approved by the Participants.
- 4.4.3 It is envisaged that the Bilateral Meetings shall consist of a day kick off meeting and briefing, three subsequent meetings and a close of dialogue meeting of up to a maximum of 6 hours duration to discuss Tenderers' proposals including, but not limited to, the issues highlighted in paragraphs 4.5, 4.6 and 4.7.
- 4.4.4 The Participants, acting reasonably, reserve the right to hold any other Bilateral Meetings as they shall deem necessary and require the Tenderers to attend. All Tenderers shall be afforded the opportunity of the same amount of time in meetings with the Participants.
- 4.4.5 The Participants shall:

- confirm the specific dates, durations, times and locations for each such Bilateral Meeting as soon as possible after issue of the Invitation;
 - be prepared to consider any alternative dates for such Bilateral Meeting proposed by any Tenderer subject to the overall programme and the availability of the Participants' team to attend at such proposed revised dates; and
 - confirm or otherwise the acceptability of such proposed revised dates for such Bilateral Meetings within one week of such request being received in writing from a Tenderer.
- 4.4.6 Each Tenderer shall be required to attend the Bilateral Meetings during the stated weeks, unless within two weeks of issue of the Invitation they propose alternative dates to the Participants for their consideration.
- 4.4.7 Where the Participants are unable to agree a revised date for any Bilateral Meeting with a Tenderer, the Tenderer shall be required to attend on the date previously confirmed by the Participants.
- 4.4.8 The Participants may, subject to the availability of their team and at their sole discretion, agree to meet with any of the Tenderers individually on other occasions prior to the end of the Dialogue Period. All Tenderers shall be afforded the opportunity of the same amount of time in meetings with the Participants.
- 4.4.9 Any Tenderer wishing to arrange such additional Bilateral Meeting(s) shall propose their agenda and meeting date for the Participants' agreement at least 7 Business Days in advance of such Bilateral Meetings.
- 4.4.10 The Participants shall endeavour, but shall not be obliged, to accommodate such requests.
- 4.4.11 All Bilateral Meetings and dialogue or correspondence between the Participants and Tenderers during the Dialogue Period shall be with each Tenderer individually.
- 4.4.12 Each Tenderer shall submit the following information to the Participants' Nominated Person via the EDT not later than 7 Business Days in advance of each Bilateral Meeting:
- proposed agenda, including attendees;
 - issues list, providing detail of each item on the agenda;
 - details of its developing outline proposals; and
 - a list of any other specific queries or matters that Tenderers wish to discuss.
- 4.4.13 The Participants shall submit the following information to each Tenderer's Nominated Person via the EDT and not later than 2 Business Days in advance of each Bilateral Meeting
- comments on the agenda and other information provide by each Tenderer in accordance with paragraph 4.4.12;
 - any additional items which the Participants wish to discuss at the Bilateral Meeting (including the items listed in paragraphs 4.5, 4.6 and 4.7); and

- attendees for the Participants.
- 4.4.14 The format of information to be submitted in advance shall be discussed and agreed with the Participants' Nominated Person to assist in permitting structured and meaningful dialogue to take place.
- 4.4.15 Each Tenderer shall submit a programme for submission of their outline proposals in accordance with the Indicative Timetable, to allow consultation to take place between the Participants and the Tenderer as to the acceptability or not of the Tenderers' proposals in order to:
- allow each Tenderer to discuss the basis of their evolving proposals; and
 - provide a forum to discuss alternatives or other commercial issues so that the Participants can, if they so choose, issue Dialogue Period Bulletins, Confidential Dialogue Period Bulletins, Final Tender Bulletins and Confidential Final Tender Bulletins, as appropriate, to provide further clarification as to the acceptability of such proposals.
- 4.4.16 Tenderers should note that any communication at any of the Bilateral Meetings shall not be binding on either party unless subsequently confirmed in writing.
- 4.4.17 Objections to and rejections of any of the Tenderer's outline proposals shall be notified in writing by the Participants to the Tenderer concerned.
- 4.4.18 Within 7 Business Days of each Bilateral Meeting the Participants will issue to the Tenderer a record of all discussions at the Bilateral Meeting together with any drafting which the parties agreed should be prepared by the Participants or their advisers. Within the same time period the Tenderers or their advisers will issue drafting to be prepared by the Tenderers. Thereafter the Parties shall agree drafting for all issues which are commercially settled, which drafting the Parties shall use all reasonable endeavours to agree no later than 10 Business Days after the relevant Bilateral Meeting.

4.5 **Legal/Commercial Dialogue**

4.5.1 **Overall Objective and Outcome**

- (a) The overall objective of the legal and commercial Dialogue is to allow the Participants to agree with each Tenderer the Final Territory Partnering Agreement and the Final Shareholders Agreement and ancillary documents. The final output from the legal and commercial Dialogue will be the issue of the Final Territory Partnering Agreement and the Final Shareholders Agreement as part of the Invitation to Submit Final Tenders. The Final Territory Partnering Agreement and the Final Shareholders Agreement will comprise the relevant Standard Form Partnering Agreement (which may be amended prior to the Invitation to Submit Final Tenders to incorporate amendments to the documentation which are not Tenderer specific) and a schedule of agreed Tenderer specific amendments which will reflect issues discussed and agreed with each Tenderer during the Dialogue ("Tenderer Specific Amendment Schedule"). As noted above, it is expected that minimal amendments will be incorporated within each Tenderer's Tenderer Specific Amendment Schedule, and that only where necessary to reflect true Tenderer-specific issues such as corporate structures or enhanced delivery proposals.

- (b) The Tenderer Specific Amendment Schedule will incorporate drafting and drafting notes (so far as appropriate) agreed between the Tenderers and the Participants at the end of every Bilateral Cycle. A template Tenderer Specific Amendment Schedule is attached at Appendix O to this Volume 1 of the Invitation – the Participants will update this template for each Tenderer and issue for agreement prior to the issue of the Invitation to Submit Final Tenders.
- (c) In their Final Tender Submissions, Tenderers will be required to confirm their acceptance of the Final Territory Partnering Agreement and the Final Shareholders Agreement. No further amendments will be permitted after appointment of Preferred Tenderer. Tenders incorporating amendments to the Final Territory Partnering Agreement and/or the Final Shareholders Agreement will be non-compliant.

4.5.2 **Tender Dialogue Submission – Legal/ Commercial**

To facilitate the legal/commercial Dialogue, Tenderers will be required to submit as part of their agenda for each Bilateral Meeting, any specific areas or issues arising from their review of the Standard Form Partnering Agreements that they wish to discuss.

4.5.3 **Basis of Legal/Commercial Dialogue**

The issues lists submitted by Tenderers as part of the agenda for each Bilateral Meeting will form the basis of the legal/commercial Dialogue. The Participants may elect to have separate discussions with each Tenderer on any such issues in addition to or as an alternative to having those discussed at the Bilateral Meetings.

4.6 **Financial Dialogue**

4.6.1 **Overall Objective and Outcome**

- (a) The overall objective of the financial Dialogue is to allow the Participants to obtain further detail from each Tenderer in respect of their proposals for the financial management of hubco along with their commitment to demonstrate continual delivery of value for money and continuous improvement in both cost and quality in public procurement. This will include Tenderers' approach to staff costs of hubco, the use of advisors and the management of other costs of running hubco, progressing projects to Stage 1 and Stage 2 approval, project management and delivery of the projects from Stage 2 Approval to completion, management & control of subcontractor costs in the delivery of projects, working capital management and associated costs and the costs of private finance where applicable and the mechanisms of recovery of such costs, through, for example, the level of Project Development Fee payable and any management or other fee that will be received from either D&B or DBFM projects or the level of financial returns that are sought under DBFM projects.
- (b) The final output from the financial Dialogue will be a commitment to financial costs and returns that will be included within each Tenderer's Final Tender Submission, a clear description of the mechanism by which

working capital is managed and funded for each Tenderer until the fifth (5th) anniversary of the Commencement Date, its ongoing management throughout the term of the Territory Partnering Agreement and a hubco Business Plan in a form suitable for annexure to the Standard Form SHA at Schedule Part 5 (*Agreed Form Business Plan*).

- (c) In their Final Tender Submissions, Tenderers will be required to commit to levels of costs and returns and cost recovery mechanisms that will have been discussed throughout the dialogue phase as well as their approach to demonstration of value for money and commitment to the delivery of continual improvement in both cost and quality in public procurement over the concession period.

4.6.2 **Tender Dialogue Submission – Financial**

- (a) To facilitate the financial Dialogue, Tenderers will be required to submit as part of the Tender Dialogue Submissions the information listed in paragraph 5.4.1

4.6.3 **Basis of Financial Dialogue**

- (a) The basis for discussion at Bilateral Meetings in connection with the financial Dialogue will be Tenderers' proposals for financial management of hubco until the fifth (5th) anniversary of the Commencement Date and the Tenderers' proposals in relation to funding and returns for DBFM projects. For discussion purposes the five year proposals should assume that New Projects will be delivered on the basis of the Participants' Indicative 5 Year Programme, however Tenderers' proposals should be flexible and responsive to the programme that actually emerges which may differ from the Participants' Indicative 5 Year Programme.

Topics for the Financial Dialogue

- Proposals for the structure and management of hubco;
- Expected resourcing plan/staff levels for hubco and associated costs;
- Approach to office facilities and related costs;
- Approach to the use of advisors/consultants/sub-contractors in delivering Partnering Services;
- Expected other overheads and ad-hoc costs of running hubco, including communications, IT and other similar items;
- Anticipated timing of any payments to hubco;
- Levels of and approach to the management of working capital for both ongoing operations and specifically in relation to New Project development as either D&B or DBFM projects;
- Level of returns to be sought by hubco through both subordinated debt coupon levels and target internal rates of return (IRRs) for both equity and on a blended equity and subordinated debt basis for privately financed projects;
- Proposals for the IRR threshold levels at which both the sharing of excess profits and an ultimate cap on profits are triggered within DBFM projects;
- Experience in securing funding for DBFM projects and the impact of the current financial climate;
- Expected taxation treatment of hubco and investigative work that is required by Tenderers to demonstrate tax efficiency of proposals.

4.7 Technical Dialogue

4.7.1 Overall Objective and Outcome

- (a) The overall objective of the Technical Dialogue is to allow the Participants to obtain further detail from each Tenderer in respect of their proposals for providing Partnering Services to the Participants. Tenderers will be required to describe the processes and procedures that they intend to develop and implement across the Territory so that continuous improvement and value for money is achieved in the services provided.
- (b) The Technical Dialogue shall also establish the Tenderers' approach to delivering New Projects and how they will achieve and demonstrate value for money in the development and delivery process and the procedures that they will develop and implement to ensure the high quality of New Project deliverables.
- (c) The output from the Technical Dialogue will be the preparation of a series of method statements that clearly detail how the Tenderers will provide Partnering Services as part of hubco. Tenderers will give a clear demonstration of how continuous improvement and value for money

will be achieved in the performance of the Partnering Services and how these will be measured by means of an agreed set of Key Performance Indicators.

4.7.2 Tender Dialogue Submission – Technical

- (a) Tenderers will be required to submit as part of the Tender Dialogue Submissions the information listed in paragraph 5.4

4.7.3 Basis of Technical Dialogue

- (a) Following submission of the Tender Dialogue Submission the basis for discussion at the Bilateral Meetings in connection with the technical Dialogue will be the Tenderers' proposals for establishing and operating hubco so that value for money is achieved both in the provision of the Partnering Services and in the development and delivery of New Projects. Through the Bilateral Meeting process Tenderers should also outline within their proposals how their supply chain proposals will align and interface with other parts of their proposals such as the approach to any Management Services Agreement, conflict of interest issues in selection and appointment of PSDP group companies, integration of management systems and the approach to flow down of hubco obligations including the KPI's through proposed contractual arrangements with supply chains.
- (b) In addition, Tenderers will demonstrate how they propose to manage the New Project development and delivery process to provide facilities that meet the Participants' requirements.
- (c) It is the intent of the Participants to discuss each Tenderer's proposals in relation to KPIs and performance monitoring and agree suitable targets and thresholds in relation to Partnering Services (including supply chain). It is also their intent to explore the basis of the performance monitoring regime including:
- how each element of Partnering Services shall be performance managed and measured;
 - proposed KPIs and targets for Partnering Services;
 - method of measurement for performance measurement taking account of the Participants' needs for robust and SMART (Specific, Measurable, Achievable, Relevant and Timely) KPIs;
 - proposed continuous improvement targets;
 - how individual KPI performance will be consolidated to total Partnering Service scores;
 - proposed thresholds for Partnering Services scores which would constitute the Track Record Test and trigger loss of Exclusivity or a Significant Performance Failure that would constitute a hubco Event of Default. For the avoidance of doubt, these thresholds shall be for discussion purposes only and the thresholds to form part of the Territory Partnering Agreement will be at the sole discretion of the Participants.
- (d) Participants will also wish to discuss Tenderers' proposals as to how hubco's performance in relation to those Partnering Service elements that cannot be precisely measured against exact data will be assessed and measured.

Topics for the Technical Dialogue

- Establishment and development of hubco, including proposals for Supply Chain establishment
- Proposals for Supply Chain Management across the Territory, including selection process for New Projects, refresh arrangements and participant involvement.
- New Project Development process including the Design development approach on New Projects and the use of innovation and best practice.
- Proposals for approach to achieving Stage 1 & 2 approvals including any differences for the various types of projects within the pipeline.
- Proposals for achieving the KPI targets set including those for Continuous Improvement in Value for Money including KPIs and thresholds for loss of exclusivity and contract termination
- Procedure for Demonstration of Value for Money including proposals for; benchmarking data, whole life costing, systems for measuring design quality and quality of supply chain.
- Quality Management Systems, how these will be developed and operated for the context of delivering all of the Partnering Services.

4.8 Commitment of Tenderers

4.8.1 The Participants intend to implement an efficient and effective procurement process in line with the competitive dialogue procedure.

4.8.2 In accordance with the competitive dialogue procedure, the Participants intend to ensure that at the point of Final Tender Submission all matters necessary for the performance of the Project have been agreed and documented in the Final Territory Partnering Agreement and the Final Shareholders Agreement. Tenderers will be aware that the competitive dialogue process is significantly more restrictive than the negotiated procedure; consequently, the Tenderers will be required to confirm that matters discussed during the Dialogue Period will not be re-opened after Final Tender Submissions and/or the appointment of Preferred Tenderer nor will new points be raised. The form of confirmation required is set out in Appendix L to this Volume 1 of the Invitation. Further amendment to the Final Territory Partnering Agreement and/or the Final Shareholders Agreement at that stage will not be permissible, other than to reflect matters such as calibration of the performance mechanism and any other matter subject to clarification or fine tuning as detailed in the Invitation to Submit Final Tenders.

4.8.3 The appointment of the Preferred Tenderer will be conditional upon signature of a Preferred Tenderer letter.

4.9 Electronic Document Transfer Process

4.9.1 An Electronic Document Transfer ('EDT') process shall be utilised throughout the Dialogue Period. During the competitive dialogue process references to the EDT

in this Invitation shall be interpreted as referring to the process and a web based system.

4.9.2 The EDT process will be managed by the Territory Programme Office and has been developed by the Participants to suit the purposes of the competition.

4.9.3 The aims of using an EDT process are to:

- speed up communications between the Tenderers and the Participants during the Dialogue Period;
- provide the Tenderers with improved access to information; and
- provide a secure environment and develop processes to facilitate EDT.

4.9.4 Each Tenderer shall be issued with a process map detailing how and when documents will be accessed and stored.

4.10 **Requests for Clarification**

4.10.1 Requests for clarification or for further information on any matters covered by the Invitation which may or shall have a bearing on the Final Tender Submission shall be raised with the Participants in accordance with paragraph 4.11 as soon as possible and in any case not later than 10 Business Days before the Invitation to Submit Final Tenders in the case of Dialogue Queries and 10 Business Days before the date of return of Final Tender Submissions in the case of Final Tender Queries (“the Appropriate Date”). Template query forms have been provided in Appendix J for use during the period in which the web based system is operating.

4.10.2 Dialogue Period Bulletins shall be issued through the EDT process in response to Dialogue Period Queries and Confidential Dialogue Period Bulletins in response to Confidential Dialogue Period Queries received before the Appropriate Date, subject to the provisions of paragraphs 4.11 and 4.12.

4.10.3 Final Tender Bulletins shall be issued through the EDT process in response to Final Tender Queries and Confidential Final Tender Bulletins in response to Confidential Final Tender Queries received before the Appropriate Date, subject to the provisions of paragraphs 4.11 and 4.12.

4.10.4 The Participants may at their absolute discretion, but shall in no circumstance be obliged to, reply to Dialogue Period Queries, Confidential Dialogue Period Queries, Final Tender Queries or Confidential Final Tender Queries received after the Appropriate Date.

4.10.5 If as a result of:

- (i) queries/requests or proposals;
- (ii) any discussion or communication between the Participants and a Tenderer;
- (iii) market and / or legal requirements; or
- (iv) other enquiries;

the Participants are of the opinion that a clarification of and/or amendment to:

- the Invitation; or
- information provided to each Tenderer by the Participants;

is necessary, then the Participants shall be entitled to make any such clarification of and/or amendment to the above at any time. All such further amendments issued by the Participants during the Dialogue Period shall be deemed to form part of the Invitation and shall supersede any part of the Invitation to the extent indicated.

4.10.6 Additionally, the Participants reserve the right to issue additional information at any time during the Dialogue Period. The Participants may exercise the option to postpone the return of the Final Tender Submissions in the event that additional information is issued which has a bearing on the offer to be made.

4.11 **Communication Procedure**

- 4.11.1 All communications by the Participants and by the Tenderers shall be carried out through the Dialogue Period Query, Dialogue Period Bulletin, Confidential Dialogue Period Query, Confidential Dialogue Period Bulletin, Final Tender Query, Final Tender Bulletin, Confidential Final Tender Query and Confidential Final Tender Bulletin issue templates through the EDT process, between the Participants' Nominated Person and the Tenderer's Nominated Person.
- 4.11.2 Receipt of a Dialogue Period Query, Dialogue Period Bulletin, Confidential Dialogue Period Query or Confidential Dialogue Period Bulletin, Final Tender Query, Final Tender Bulletin, Confidential Final Tender Query and Confidential Final Tender Bulletin shall not be assumed until acknowledgement of receipt has been indicated via the EDT process.
- 4.11.3 The Participants reserve the right to refuse to respond to queries / enquiries raised by any Tenderer in any other form.
- 4.11.4 On receipt of the Invitation to Participate in Dialogue, each Tenderer shall confirm to the Participants in writing the name, address and designation of the nominated person within their own organisation through whom all communications with the Tenderers shall be directed during the Tender Period (the "Tenderer's Nominated Person"). Each Tenderer shall notify the Participants as soon as is reasonably practicable of any replacement of the Tenderer's Nominated Person.
- 4.11.5 Except in the circumstances set out in paragraph 4.11.6 communications directed to or between any persons within the Participants' or Tenderer's organisation other than by the Participants' Nominated Person or the Tenderer's Nominated Person shall be deemed to be invalid and shall be deemed not to have existed for the purposes of the Invitation.
- 4.11.6 Communications with members of the Participants' staff and officials other than the Participants' Nominated Person on matters pertaining directly to the Dialogue Period, procedures or submissions shall only be permitted where such communication contacts have been agreed in writing by the Participants' Nominated Person or are otherwise permitted or required by the Invitation.

4.12 **Commercially Sensitive/Confidential Communications**

- 4.12.1 The nature of the Project is such that it may be inevitable that some of the Tenderers' communications will be required to be treated by the Participants as commercially sensitive/confidential. When a Tenderer wishes the Participants to treat a communication as commercially sensitive/confidential the procedures detailed in paragraphs 4.10 and 4.11 shall be followed together with the following :
 - (a) Communications of a commercially sensitive/confidential nature shall be issued separately from all other communications;
 - (b) Commercially sensitive/confidential communications shall be clearly marked "commercially sensitive/confidential"; and
 - (c) Commercially sensitive/confidential communications shall be issued via
 - (i) the Confidential Dialogue Period Query; or
 - (ii) Confidential Final Tender Query issue template, as appropriate, though the EDT process.
- 4.12.2 Any communication received from a Tenderer not using the Confidential Dialogue Period Query or Confidential Final Tender Query issue template, as appropriate, shall be treated as a non commercially sensitive/confidential communication (general communication).
- 4.12.3 If in the opinion of the Participants a response to a Confidential Dialogue Period Query or a Confidential Final Tender Query should be transmitted to all Tenderers then the Participants shall:

- advise the Tenderer who submitted the relevant query accordingly and seek to identify the Tenderer’s reason for the need for confidentiality; or
 - seek, if appropriate, written agreement from the Tenderer to remove the “Confidential” label.
- 4.12.4 If the Participants and the Tenderer disagree, the Tenderer shall first be given the opportunity to withdraw the relevant query before the Participants decide whether their response to that query should be transmitted to each Tenderer.
- 4.12.5 The Participants’ decision on any matters regarding this paragraph 4.12 shall be final. If the Tenderer does not agree to remove the “Confidential” label, the Participants nonetheless shall be entitled to issue a response which shall be transmitted to each Tenderer.
- 4.12.6 Where information as described in paragraph 4.12.1 is received from a Tenderer, the Participants will keep such information confidential subject to the Participants’ right to share such information with their advisors and with others involved in the assessment of proposed solutions, who will be notified of the confidentiality and sensitivity of the information in question.
- 4.12.7 Without prejudice to the Participants’ commitment to treat communications by the Tenderers as commercially sensitive/confidential, if anything arising during the Dialogue Period including a response to any particular request for clarification or other query requires a change, or the addition of detail to the draft Tender Submission Requirements set out in this Invitation, the Participants reserve the right to communicate such response (edited, if necessary, to protect commercially sensitive/confidential information) to all Tenderers.
- 4.12.8 Subject to the provisions of this paragraph 4.12 the Participants will treat all information submitted and/or discussed during the Dialogue Period in the STRICTEST COMMERCIAL CONFIDENCE. The Participants do, however, reserve the right to discuss aspects of the Tenderers’ proposals with stakeholders and relevant statutory bodies. Such discussions between the Participants and the above shall be conducted in the STRICTEST COMMERCIAL CONFIDENCE.

5. SUBMISSION REQUIREMENTS

5.1 Introduction

- 5.1.1 This section sets out the minimum requirements for the Tender Dialogue Submissions and any subsequent Final Tender Submission.
- 5.1.2 Tenderers are reminded of the requirement that their Final Tender Submissions represent the views of all members of the Tenderer's consortium
- 5.1.3 Tenderers are reminded that, as stated in paragraph 4.3.6 and in accordance with the Regulations, they shall not be permitted to amend material elements of their proposals subsequent to Final Tender Submission.
- 5.1.4 Tenderers shall submit three Tender Dialogue Submissions (in accordance with this paragraph 5 and Appendix F to this Volume 1 of the Invitation) unless requested to submit more and, if invited, one Final Tender Submission for consideration by the Participants, each of which shall contain only one solution.

5.2 Submission Requirements – General Guidance

- 5.2.1 It is the intention of the Participants to use this procurement of a Private Sector Development Partner for the SouthWest hub Territory to get the best from hub in the following ways:
 - to promote transparency in the procurement of New Projects;
 - to provide a supply chain which demonstrates local benefits and which is capable of delivering the Partnering Services across the whole Territory;
 - to promote the effectiveness of working in partnership within hubco through the appropriate sharing of risk and reward;
 - to promote effective partnership working at the early planning stages of New Projects;
 - to promote the effectiveness of overall performance monitoring by hubco through the establishment and regular monitoring of a broad range of relevant KPIs and continuous improvement proposals;
 - to establish continuous improvement in value for money as the key business objective of hubco (rather than simply a contractual approval requirement) by strengthening the link between its achievement and future business opportunity and to promote the delivery and demonstration of continuous improvement in value for money at all levels throughout a hub project;
 - to ensure that only appropriate projects are taken forward which are likely to be optimally utilised and meet the Participants' vision including their aspirations in relation to design quality and sustainability; and
 - to maximise the potential for improving the entire primary and community based health and social care estate.
- 5.2.2 Tenderers are encouraged to familiarise themselves with the 2 stage procedure for the production and approval of proposals for New Projects in Schedule Part 5 (*Approval Process for New Projects*) of the Standard Form TPA which lays out the expected procedures for developing proposals and defines the requirements for approval at each stage. Proposals for the resourcing of hubco, the provision of Partnering Services and the development of proposals for New Projects must be consistent with this process.
- 5.2.3 The following approaches are expressly forbidden:
 - the wholesale delegation of hubco's authority and responsibility for the provision of management services and Partnering Services through long-

term inflexible service contracts based on fixed fees and/or fixed mark-ups on costs irrespective of the size or complexity of the task;

- the award of any repeat business in the absence of competition except where a tangible value for money benefit can be realised and demonstrated;
- opaque and/or undocumented relationships between hubco and its supply chain where Partnering Services are provided at risk or less than cost on the understanding that recovery will be realised invisibly through contracts awarded in connection with New Projects;
- the surrendering of hubco's rights to select the most appropriate supply chain for a particular New Project except where this is conditional upon the particular party demonstrating a tangible benefit in terms of value for money to the Participant(s);
- value (as opposed to time) based fee arrangements for the provision of Partnering Services in the absence of clear and express requirements to disclose costs and profitability to hubco; and
- the establishment of multiple levels of special purpose companies between the PSDP and hubco in order to circumnavigate any of the controls (e.g. lock-in and pre-emption rights) contained in the Standard Form Shareholders Agreement. Tenderers should note that it is expected that the entity which enters into the Final Shareholders Agreement to form a hubco will be the PSDP, not a subsidiary of the PSDP or any other entity.

5.2.4 Consequently and particularly given that the arrangements for Partnering Services and the delivery of New Projects will form the material part of this procurement, it is vital that all Final Tender Submissions are sufficiently complete to make clear the substance of the PSDPs' proposals in relation to these issues. This means that business plans, budgets, commitments to fund, method statements and proposals for subcontracting management and Partnering Services must be provided in adequate detail to enable the evaluators to satisfy themselves that each Tenderer's proposals:

- are realistic and work together as a whole leaving nothing material unstated;
- are likely to satisfy the above stated aspirations;
- do not propose (or leave the PSDP the opportunity to impose later) any of the approaches to be discouraged listed above; and
- are objective, legally enforceable and not subject to qualification and/or caveats.

5.3 **General Submission Requirements for Final Tender Submissions and the Tender Dialogue Submissions**

5.3.1 Each Tender Dialogue Submission shall provide, as a minimum, the information identified in paragraph 5.4 and shall comply with the requirements of this Invitation. The Final Tender Submission shall be required to comply with the requirements of the Invitation to Submit Final Tenders and (to the extent not inconsistent therewith) the relevant provisions of this paragraph 5.

5.3.2 All information included within the Final Tender Submissions in response to the Invitation to Submit Final Tenders shall reflect the discussions and dialogue entered into during the Dialogue Period between the Tenderer, the Participants and relevant third parties and in particular the issues set out in the record of outcomes from the Bilateral Meetings.

5.3.3 Final Tender Submissions that do not reflect the discussions and dialogue entered into with the Participants during the Dialogue Period or that contain parts which

the Participants have either objected to or rejected during the Dialogue Period may be considered as non-compliant.

5.3.4 The Participants shall notify the Tenderer during the Dialogue Period if it is apparent that a proposal does not meet the Participants' requirements and hence would be given no further consideration.

5.3.5 Tenderers shall note that the Participants shall reserve their position absolutely on the acceptability or otherwise of Final Tender Submissions.

5.4 **The Tender Dialogue Submissions**

Tenderers shall be required to make three separate Tender Dialogue Submissions on the dates indicated in the Indicative Timetable in paragraph 4.2.1. The documents and information to be submitted in each Tender Dialogue Submission are as set out in the checklist in Part 1 of Appendix F to this Volume 1 of the Invitation. Tenderers should note that there is no specific Tender Dialogue Submission relating to the legal/commercial Dialogue, and are directed to paragraph 4.5.1 above.

The form of Business Plan

which must be used is contained in Appendix K to this Volume 1 of the Invitation.

5.4.1 **Tender Dialogue Submission 1**

(a) Financial Dialogue

(i) An outline hubco Business Plan including a 5 year operating budget to be included in the hubco Business Plan (in the form contained in Proforma 4 of Appendix I to this Volume 1 of the Invitation) and the initial funding plan underpinning that operating budget based on the Participants' Indicative 5 Year Programme, and in particular, the approach to management of overhead and ad-hoc costs of running hubco, including:

- (1) staffing and staff costs of hubco;
- (2) office/premises costs or cost allocations;
- (3) the use, management and cost of advisors/consultants/subcontractors;
- (4) the costs of progressing projects to Stage 1 and Stage 2 Approval;
- (5) the costs of project management and delivery of the projects;
- (6) other overhead and ad-hoc costs of running hubco including communications, IT, telephony and other office costs;
- (7) indexation rate applied to relevant revenues and costs at 2.5% per annum; and
- (8) management of the working capital implications of any of the above costs.

(b) Technical Dialogue

- (i) Outline Ongoing Partnering Services method statement
- (ii) Outline Project Development Partnering Services method statement addressing the requirements of paragraph 1.3.2 (*Selection from Supply Chain for each New Project*) of Section 1

- (Specification) to Schedule Part 3 (Partnering Services) of the Standard Form TPA.
- (iii) Outline Strategic Support Partnering Services method statement

5.4.2 Tender Dialogue Submission 2

(a) Financial Dialogue

- A further developed hubco Business Plan, including a 5 year operating budget to be included in the hubco Business Plan (in the form contained in Proforma 4 of Appendix I to this Volume 1 of the Invitation).
- (i) The costs and financial considerations of a project developed under the DBFM model, including the Tenderers' approach to
 - (1) expected levels of return on equity contributions and subordinated debt;
 - (2) proposals for the IRR threshold levels at which both the sharing of excess profits and cap on profits are triggered within DBFM projects;
 - (3) the recovery of overhead costs through fees to projects;
 - (4) the production of financial models;
 - (5) bringing funders on board, management of the funding process and securing best value funding;
 - (6) corporate tax and Value Added Tax (VAT); and
 - (7) any other costs relevant to the development of a project as a DBFM project.

(b) Technical Dialogue

- (i) Outline Project Development Partnering Services Method Statement addressing the requirements of paragraphs 1.3.1 (*New Project Development and Delivery*), 1.3.3 (*Funding*) and 1.3.4 (*Value for Money*) of Section 1 (*Specification*) to Schedule Part 3 (*Partnering Services*) of the Standard Form TPA

5.4.3 Tender Dialogue Submission 3

(a) Technical Dialogue

- (i) a draft KPI Schedule (including proposals for Track Record Test and Significant Performance Failure Thresholds) and proposals for continuous improvement in the form set out in Appendix D to this Volume 1 of the Invitation with accompanying methodologies
- (ii) an outline Initial Management System [define] including but not limited to an outline Quality manual, Environmental manual and Health and Safety policy manual.

5.5 Format of Tender Dialogue Submissions

- 5.5.1 Documents submitted with each Tender Dialogue Submission shall (with the exception of the legal/commercial section of the submissions) be draft versions of the equivalent Final Tender Submission document.
- 5.5.2 Whilst the Tender Dialogue Submissions are structured as three separate submissions, they are all very much inter-related and dialogue on one Tender Dialogue Submission may impact on another. Tenderers are therefore required with each of Tender Dialogue Submissions 2 and 3 to either:
- (a) Confirm that they do not wish to make any changes to the content of any previous Tender Dialogue Submission; or
 - (b) Re-submit all or any part of a previous Tender Dialogue Submission which they wish to amend, highlighting what amendments have been made and explaining why they have been made.
- 5.5.3 Documents submitted as part of the Tender Dialogue Submissions shall be in Microsoft Word format other than for Final Tender submission which shall be submitted in OCR pdf format. Tenderers shall ensure that all aspects of the source documents have been faithfully replicated in the word/pdf version.
- 5.6 **Tender Dialogue Submission Arrangements**
- 5.6.1 The dates and times for submission of each Tender Dialogue Submission shall be as specified in the Indicative Timetable in paragraph 4.2.1 unless otherwise advised by the Participants' Nominated Person.
- 5.7 **The Final Tender Submission**
- The Final Tender Submission shall comprise the documents and information listed in Part 2 of Appendix F to this Volume 1 of the Invitation as updated by any subsequent Invitation to Submit Final Tenders.
- 5.8 **Format of the Final Tender Submission**
- 5.8.1 The Final Tender Submission submitted by each Tenderer shall be in a single volume with the number and type of copies as specified in paragraph 5.8.4
- 5.8.2 A checklist of documents or information which shall be returned as part of each Final Tender Submission is included in Appendix F to this Volume 1 of the Invitation.
- 5.8.3 The Final Tender Submission shall comply with the following requirements:
- (a) It shall be a single volume comprising an appropriate number of folders to contain the Final Tender Submission.
 - (b) Each folder shall be clearly marked on the outside with Tenderer's name, folder number and copy number for example "folder 1 of 3, copy 1".
 - (c) Each folder shall contain an index list for that folder which shall be bound immediately inside the cover, including the page numbers of each folder.
 - (d) Each section shall be clearly identified with a tabbed divider.
 - (e) Each page of each folder shall be numbered clearly and sequentially.
 - (f) The Final Tender Submission shall not include any loose pages.
- 5.8.4 The Final Tender Submission package shall include:
- (a) one master hard copy of the Final Tender Submission, clearly marked "Master Copy";
 - (b) Eight hard copies of the Final Tender Submission; and
 - (c) One electronic copy of the Final Tender Submission.
- 5.8.5 The master copy of the Final Tender Submission shall be used by the Participants as the primary source of reference during the evaluation process.

5.9 Final Tender Submission Arrangements

- 5.9.1 Final Tender Submissions shall be submitted no later than the date and time detailed in the Invitation to Submit Final Tenders. The Participants' anticipated date for Final Tender Submissions is set out in the Indicative Timetable in paragraph 4.2.1.
- 5.9.2 Unless advised to the contrary by any subsequent Invitation to Submit Final Tenders, Tenderers shall ensure that Final Tender Submissions shall be sent by either:
- (a) registered post; or
 - (b) recorded delivery (including couriers); or
 - (c) delivered by hand
- 5.9.3 Submissions are to be returned to the address and by the date and time indicated in the Invitation to Submit Final Tenders.
- 5.9.4 Tenderers shall be issued with a receipt with the date and time of delivery. The onus shall be on the Tenderer to ensure that they receive a receipt.
- 5.9.5 Final Tender Submissions shall be in plain sealed packages in accordance with paragraph 5.8 which sets out further requirements for format of the Final Tender Submission.
- 5.9.6 The packages shall be clearly marked Final Tender Submission.
- 5.9.7 No package should bear any mark indicating the Tenderer's identity. If more than one package is delivered, they all shall carry some random unifying code number and an indication of the number of packages in total (i.e. 1 of 2, 2 of 2).
- 5.9.8 Each Tenderer shall obtain a signed receipt acknowledging delivery of the Final Tender Submission.
- 5.9.9 Final Tender Submissions or requests received after specified dates and times shall not be accepted for consideration and shall be returned unopened to the sender.
- 5.9.10 All Final Tender Submissions and supporting documents shall be written in English.
- 5.9.11 Final Tender Submissions shall not be accepted by email or via the EDT unless otherwise instructed by Participants' Nominated Person.

6. FINAL TENDER SUBMISSION EVALUATION

6.1 Overview

- 6.1.1 The Final Tender Submission evaluation process shall comprise:
- (a) a preliminary review, (paragraph 6.2);
 - (b) a completeness and compliance check, (paragraph 6.3); and
 - (c) a detailed evaluation of Non-Price and Price elements of the Final Tender Submissions to determine the most economically advantageous Final Tender Submission, (paragraph 6.5).
- 6.1.2 The Participants reserve the right to reject or disqualify any Tenderer whose Final Tender Submission does not meet the requirements at any stage of the evaluation.
- 6.1.3 The Participants can request at any stage that particular aspects of a Final Tender Submission be clarified or supplemented, provided that this does not involve any changes to the basic features of the Final Tender Submission.
- 6.1.4 In accordance with the Regulations the Participants intend to appoint the Private Sector Development Partner on the basis of the most economically advantageous Final Tender Submission.
- 6.1.5 Without prejudice to paragraph 4.3.6, once a Preferred Bidder has been appointed, there shall be an opportunity for the Participants to request the Preferred Bidder to clarify aspects of the Final Tender Submission or confirm the commitments set out therein.
- 6.1.6 Participants reserve the right, at their sole discretion, not to appoint any Tenderer as the Private Sector Development Partner.

6.2 Preliminary Review

The Final Tender Submission receipts register shall be reviewed to identify any Final Tender Submissions received after the Final Tender Submission deadline. Late submissions shall be set to one side and considered under the procedure in paragraph 6.4.

6.3 Completeness and Compliance

- 6.3.1 The remaining Final Tender Submissions shall be opened and an initial examination will be carried out to ensure that they are complete in all respects i.e. that the requisite number of hard and soft copies has been provided, that all relevant volumes, sections and schedules have been supplied, that all certificates requested have been provided and that all other aspects of the Participants' submission requirements in the Invitation to Submit Final Tenders have been met.
- 6.3.2 A provisional assessment of compliance and completeness will be made and documented using the compliance checklist in the Invitation to Submit Final Tenders (a draft of which is set out in Part 2 of Appendix F to this Volume 1 of the Invitation) with traffic light coding:
- Green = compliant and complete
 - Orange = issue requiring clarification in relation to compliance/completeness.
 - Red = non compliant and/ or not complete
- 6.3.3 After the completion of the provisional assessment "Orange" sections will be considered to determine whether they are in fact compliant and complete or

non-compliant/ incomplete. If required, clarifications will be raised with Tenderers to resolve these issues.

6.4 **Late or Incomplete Submissions**

- 6.4.1 In the event that a Final Tender Submission has been submitted late or is incomplete or non-compliant the Participants shall decide at their absolute discretion whether it shall be rejected on the grounds that not doing so would contravene the principles of non discrimination, equal treatment and transparency.
- 6.4.2 If a late Final Tender Submission is rejected it shall be returned unopened to the Tenderer. If it is not rejected then it shall be examined in accordance with paragraph 6.3 above.
- 6.4.3 If an incomplete or non-compliant Final Tender Submission is not rejected, a deficiency notice shall be sent requesting the missing information within 3 Business Days from the date of dispatch of the notice. If the information is not submitted within the time specified in the deficiency notice or if the information is rejected by Participants, then that Final Tender Submission shall be rejected and the Tenderer notified accordingly

6.5 **Detailed Evaluation**

- 6.5.1 The detailed Final Tender Submission evaluation shall comprise a Non-Price and a Price evaluation of the Final Tender Submissions. The total weighting for the Non-Price Evaluation shall be 60% and the Price Evaluation shall be 40%.
- 6.5.2 Tenderers should note that the Final SHA and Final TPA will not be given a score as part of the detailed evaluation. However, failure to confirm that the Final TPA and Final SHA are acceptable to the Tenderer and that the Final Tender Submission has been submitted based on their terms and conditions will result in a Final Tender Submission being treated as non-compliant. The form of confirmation to be given is set out in Appendix L to this Volume 1 of the Invitation
- 6.5.3 Amendments to the Standard Form TPA and Standard Form SHA set out in the Tenderer Specific Amendments Schedule issued to each Tenderer will be not themselves be scored but they shall be taken into consideration in the evaluation of the Final Tender Submissions against each of the Tender Evaluation Criteria.

6.5.4 **Non-Price Evaluation**

- (a) The Non-Price Evaluation may be carried out by reviewing the relevant parts of the Final Tender Submission against the main criteria and sub criteria set out in the Non-Price Evaluation Matrix in Appendix G to this Volume 1 of the Invitation and the relevant detailed requirements. This will include the requirement to assess the extent to which the Tenderers' proposals meet the requirements of consistency, clarity and robustness set out in the introduction to the Non-Price Evaluation Matrix in Appendix G.
- (b) Each sub criterion may be scored out of 10 in accordance with the following table

Scoring Range 0 – 10	Categorisation	Description
0-1	Very Poor	The relevant sections of the Final Tender Submission: <ul style="list-style-type: none"> fail to demonstrate any understanding of the requirement and/or propose a solution which performs poorly in all of the characteristics identified in the sub-criterion.
2-4	Poor	The relevant sections of the Final Tender Submission: <ul style="list-style-type: none"> fail to demonstrate any understanding of some aspects of the requirement and/or propose a solution which performs poorly in some of the characteristics identified in the sub-criterion
5	Satisfactory	The relevant sections of the Final Tender Submission: <ul style="list-style-type: none"> demonstrate a satisfactory level of understanding of all aspects of the requirement and/or propose a solution which performs satisfactorily in all of the characteristics identified in the sub criterion.
6-7	Good	The relevant sections of the Final Tender Submission: <ul style="list-style-type: none"> demonstrate a satisfactory level of understanding of all aspects of the requirement and detailed understanding of some aspects of the requirement and/or propose a solution which performs well in all of the characteristics identified in the sub criterion.
8-9	Very Good	The relevant sections of the Final Tender Submission: <ul style="list-style-type: none"> demonstrate a detailed understanding of all aspects of the requirement and/or propose a solution which performs very well in all of the characteristics identified in the sub criterion.
10	Excellent	The relevant sections of the Final Tender Submission: <ul style="list-style-type: none"> demonstrate an exceptional understanding of all aspects of the requirement and/or propose a solution which performs very well in all of the characteristics identified in the sub criteria and excels in some of the characteristics identified in the sub criterion.

- (c) The weighting for each sub criterion shall then be applied to the sub criterion score to produce a weighted score for that sub criterion. The individual sub criterion weighted scores shall then be summed for each main criterion to produce a total score out of 10 for each main criterion.
- (d) The main criterion weightings shall be applied to the main criterion scores to produce weighted scores. These shall then be summed to give an overall score for the Non-Price Evaluation.
- (e) All weighted scores shall be expressed to 2 decimal places.

- (f) The maximum possible weighted score for the Non-Price Evaluation will be 6.0 out of 10 i.e. 60% of the overall score for the tender evaluation.
- (g) Tenderers who do not score an unweighted score of at least 5 in E1.1 and E2.2 or score less than half of the available weighted score in each Main Criterion shall not be considered further and shall be rejected.

6.5.5 Price Evaluation

- (a) The Price Evaluation shall have a qualitative component (the “Qualitative Price Evaluation”) and a quantitative component (the “Quantitative Price Evaluation”). These shall be weighted 20% and 20% respectively.
- (b) The objective of the Price Evaluation is to evaluate and score the price submission comprising the relevant documents of the Final Tender Submission (the current expectation of which is as identified in the Qualitative Price Evaluation Matrix in Appendix H to this Volume 1 of the Invitation and in the Quantitative Price Submission requirements as identified in Appendix I to this Volume 1 of the Invitation) on the basis of which solution will deliver best value for money for the individual projects, Ongoing Partnering Services and Strategic Support Partnering Services procured by the Participants using hubco. This will be determined by:
 - (i) Carrying out the Qualitative Price Evaluation in accordance with paragraph 6.5.5(d) below, using the Qualitative Price Evaluation Criteria and Weightings, focusing on the Tenderer’s approach to delivering value for money, costing of New Projects and the financial management of hubco.
 - (ii) Carrying out the Quantitative Price Evaluation in accordance with paragraph 6.5.5(e) below.
- (c) The Qualitative Price Evaluation and Quantitative Price Evaluation will be combined to produce a total score for the Price Evaluation as detailed below.
- (d) Qualitative Price Evaluation
 - (i) The Qualitative Price Evaluation shall be carried out by reviewing the relevant parts of the Final Tender Submission against the main criteria, sub criteria and relevant detailed requirements all of which will be set out in the Qualitative Price Evaluation Matrix. This will include the requirement to assess the extent to which the Tenderers’ proposals meet the requirements of consistency, clarity and robustness set out in the introduction to Appendix H.
 - (ii) A score for the Qualitative Price Evaluation will be derived using the methodology set out in paragraphs 6.5.4(b) to 6.5.4(e).
 - (iii) The maximum possible weighted score for the Qualitative Price Evaluation will be 2.0 out of 10 i.e. 20% of the overall score for the tender evaluation.
- (e) Quantitative Price Evaluation
 - (i) The Quantitative Price Evaluation will consist of an evaluation of the pricing and cost information supplied by the Tenderers in accordance with Appendix I to this Volume 1 of the Invitation.
 - (ii) The pricing and cost information provided by Tenderers in accordance with Appendix I to this Volume 1 of the Invitation will be collated by the Participants and inserted into an evaluation matrix sheet. This will provide totals for “Non Prime Costs”, “Prime Costs”,

“DBFM Costs”, and “5-Year Costs”, derived in accordance with paragraphs (iv), (v) and (vi) below.

(iii) The maximum possible weighted score for the Quantitative Price Evaluation will be 2.00 out of 10 i.e. 20% of the overall score for the tender evaluation.

(iv) Non Prime Costs

The evaluation of non-prime costs shall attract 25% of the marks for the Quantitative Price Evaluation (i.e. 5% of the overall score for the tender evaluation). The sum of the Non Prime Costs shall be calculated using the methodology set out in Proforma 2 in Appendix I to this Volume 1 of the Invitation. In broad terms, it will consist of the sum of total non prime costs for each of the Projects identified in the Proforma calculated by applying the tendered costs and percentages to the relevant indicative prime costs. The Non Prime Costs described above shall be identified for each Tenderer and a score calculated as follows:

- The lowest Non Prime Cost shall be awarded 10 marks.
- Each of the other tendered Non Prime Costs shall be compared to the lowest and each shall be defined by determining a percentage score in relation to the lowest price.
- 0.1 mark, or portion thereof, shall be deducted from the score for each % point, or portion thereof, the tender is above the lowest (expressed as a proportion of the 10 marks available)
- The minimum score possible shall be zero.
- The appropriate weighting shall then be applied to each Tenderer’s score for all Non Prime Costs.
- All weighted scores shall be expressed to 2 decimal places.

(v) Prime Costs

The evaluation of prime costs shall attract 25% of the marks for the Quantitative Price Evaluation (i.e. 5% of the overall score for the tender evaluation). The sum of the Prime Costs shall be calculated using the methodology set out in Proforma 5 in Appendix I to this Volume 1 of the Invitation as detailed in the relevant Explanatory Notes.

The Prime Costs described above shall be identified for each Tenderer and a score calculated in respect of each element as follows:

- The lowest Prime Costs shall be awarded 10 marks.
- Each of the other tendered Prime Costs shall be compared to the lowest and each shall be defined by determine a percentage score in relation to the lowest price.
- 0.1 mark, or portion thereof, shall be deducted for each % point, or portion thereof, the tender is above the lowest (expressed as a proportion of the 10 marks available)
- The minimum score possible shall be zero.
- The appropriate weighting shall then be applied to each Tenderer’s score for Prime Costs.
- All weighted scores shall be expressed to 2 decimal places.

(vi) DBFM Costs

The evaluation costs associated with DBFM projects (i.e. IRR and FM management fees) shall attract 25% of the marks for the Quantitative Price Evaluation (i.e. 5% of the overall score for the tender evaluation).

The costs shall be evaluated from the net present value (“NPV”) derived from the HM Treasury: PPP Assessment Model based on the following key inputs:

- The Tenderer’s submitted base case equity IRR;
- The Tenderer’s submitted FM Management Fee (a percentage) which will be applied to an assumed hard FM annual cost which will be advised to Tenderers either prior to or in the Invitation to Submit Final Tenders;
- A 2 year construction period with a 25 year operational period;
- An assumed prime and non-prime cost which will be advised to Tenderers either prior to or in the Invitation to Submit Final Tenders;
- Gearing of 90:10 or as otherwise advised to Tenderers prior to or in the Invitation to Submit Final Tenders;
- Funding margins of 200 basis points with a credit spread of 15 basis points or as otherwise advised to Tenderers prior to or in the Invitation to Submit Final Tenders; and
- 20 year LIBOR rate as at a date to be advised to Tenderers either prior to or in the Invitation to Submit Final Tenders.

The NPV (calculated as described above) shall represent the “**DBFM Cost**” for each Tenderer which will be scored as follows:

- The lowest DBFM Cost shall be awarded 10 marks.
- Each of the other tendered DBFM Costs shall be compared to the lowest DBFM Cost and in each case a score shall be calculated by deducting 1 mark, or proportion thereof, per 0.61% of variance, in NPV terms, from the lowest DBFM Cost.
- The minimum score possible shall be zero.
- The appropriate weighting shall then be applied to each Tenderer’s score for DBFM Costs.
- All weighted scores shall be expressed to 2 decimal places.

(vii) 5-Year Costs

The evaluation of the hubco costs for the 5-year period covered by the initial Business Plan and costs of Strategic Support Partnering Services shall attract 25% of the marks for the Quantitative Price Evaluation (i.e. 5% of the overall score for tender evaluation). hubco costs and Strategic Support Partnering Services costs as submitted by Tenderers shall be aggregated as follows:

- (1) **hubco Costs (including Project Development Fees):** these are the total costs set out in the 5 year operating budget submitted as part of the hubco Business Plan (completed in accordance with Pro Forma 4 in Appendix I to this Volume 1 of the Invitation).
- (2) **Strategic Partnering Services Costs:** this is the cost of providing Strategic Support Partnering Services calculated from the

Schedule of Partnering Services Costs set out in Pro Forma 6 in Appendix I to this Volume 1 of the Invitation using a pre-determined scenario which will be shared with the Tenderers prior to the return date for the Final Tender Submissions.

The hubco costs and Strategic Support Partnering Services costs described above shall be added together to provide a total (the “**5-Year Cost**”) for each Tenderer which will be scored as follows:

- The lowest 5-Year Cost shall be awarded 10 marks.
- Each of the other tendered 5-Year Costs shall be compared to the lowest 5-Year Cost and shall be defined by determining a percentage score in relation to the lowest price.
- 0.1 mark, or portion thereof, shall be deducted from the score for each % , or portion thereof, the tenderer is above the lowest (expressed as a proportion of the 10 marks available).
- The minimum score possible shall be zero.
- The appropriate weighting shall then be applied to each Tenderer’s score for 5-Year Costs
- All weighted scores shall be expressed to 2 decimal places.

(viii) Each Tenderer’s weighted scores for Non Prime Costs and Prime Costs, DBFM Costs and 5-Year Costs shall be combined to give a total score out of 10 and the total will be the “**Quantitative Price**” for the purpose of the evaluation.

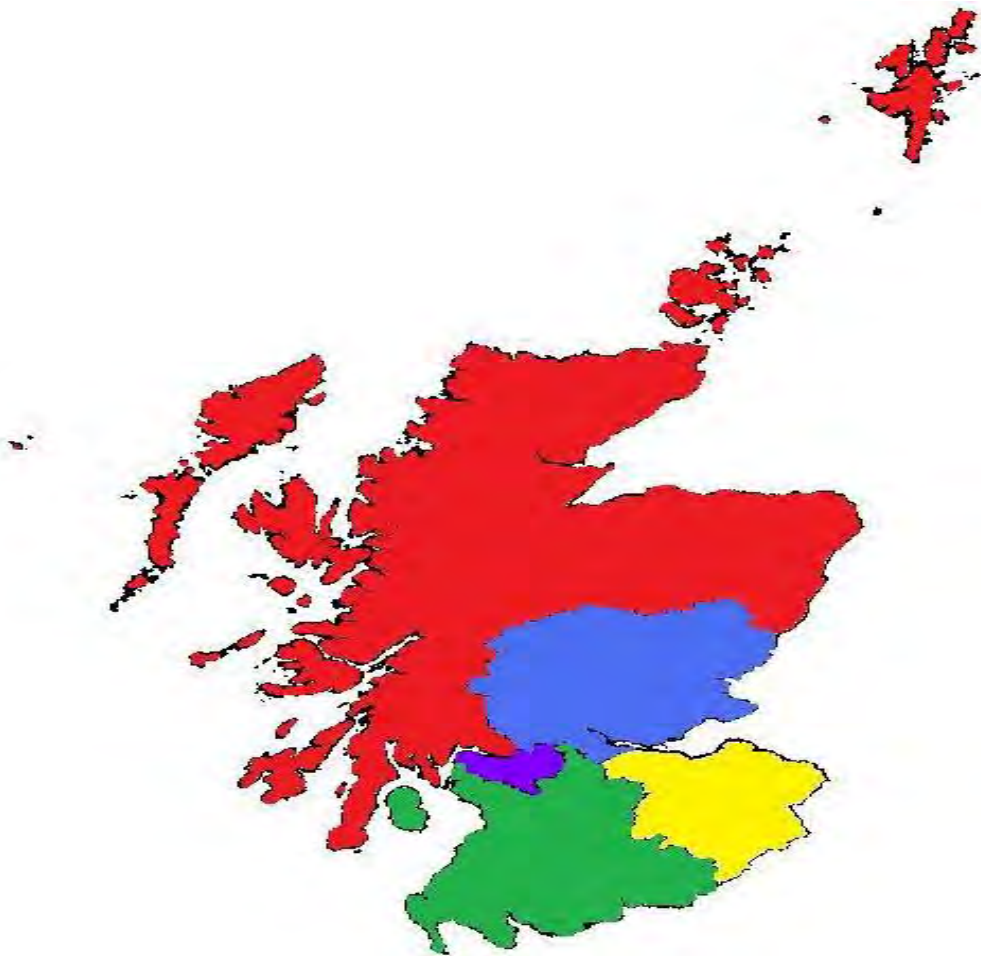
(ix) A weighted score for Quantitative Price shall be calculated by multiplying the score out of 10 by the Quantitative Price Evaluation Weighting which is 20%.

(x) All weighted scores shall be expressed to 2 decimal places.

6.5.6 Overall Score and Ranking

The overall score for each Final Tender Submission shall be derived by summing the overall weighted Non-Price Evaluation score, the overall weighted Qualitative Price Evaluation Score and the overall weighted Quantitative Price Evaluation score to give a score out of 10 which will then be multiplied by 10 to give a score out of 100. The most economically advantageous Final Tender Submission will be that with the highest score.

APPENDIX A: SOUTHWEST HUB TERRITORY MAP



South West Territory shaded green

APPENDIX B: CERTIFICATE OF NON-CANVASSING

CERTIFICATE OF NON-CANVASSING

This certificate is required to be signed by each Relevant Entity.

Name of Certifier _____

I/We* hereby undertake that I/we* have not canvassed or solicited nor will I/we in the future (i) canvass or solicit any of the Participants or any officer, employee or advisor thereof in connection with the tender process or the Final Tender Submission; or (ii) otherwise approach staff of the Participants or staff of the Participants' advisors with a view to providing information or clarification in respect of any part of our Final Tender Submission or proposals or attempting to support or enhance our prospects of being selected as the Preferred Tenderer and that the persons employed by me/us* or acting on my/our* behalf have not nor will not do any such act.

In this certificate the word "person" includes any persons and any body or association, corporate or unincorporated and "agreement" or "arrangement" include any such transactions, whether formal or informal, legally binding or not.

Signature of Tenderer**/Company: _____

Date: _____

* (Delete as appropriate)

** In addition to being completed for each Relevant Entity, where the Tenderer has been established as a company, the form should also be signed by two directors or by a director and the secretary of the company, such persons being duly authorised for that purpose.

APPENDIX C: ANTI-COLLUSION CERTIFICATE

ANTI-COLLUSION CERTIFICATE

This certificate is required to be signed by each Relevant Entity

Name of Company _____

1. We certify that this Final Tender Submission is made in good faith, and that we have not fixed or adjusted the content or amount of any element of the Final Tender Submission by or under or in accordance with any agreement or arrangement with any other person. We also certify that we have not and we undertake that we will not before the award of any contract for the work:
 - a. communicate to any person outside our consortium other than the Participants or a person duly authorised by them in that behalf the content or amount or approximate amount of any element of the Final Tender Submission or proposed Final Tender Submission, except where the disclosure, in confidence, of the approximate amount of any element of the Final Tender Submission was necessary to obtain insurance premium quotations required for the preparation of the Final Tender Submission;
 - b. enter into any agreement or arrangement with any person outside our consortium that they shall refrain from participating in dialogue, that they shall withdraw any Final Tender Submission once offered or vary the content or amount of any Final Tender Submission to be submitted; or
 - c. pay, give or offer to pay or give any sum of money or other valuable consideration directly or indirectly to any person outside our consortium for doing or having done or causing or having caused to be done in relation to any other Final Tender Submission or proposed submission for the work, any act or thing of the sort described above.
 - d. We further certify that the principles described in paragraphs 1a, 1b and 1.c above have been, or will be, brought to the attention of all sub-tenderers, suppliers and associated companies providing services or materials connected with the Final Tender Submission and any contract entered into with such sub-tenderers, suppliers or associated companies shall be made on the basis of compliance with the above principles by all parties.
 - e. In this certificate, the word "person" includes any persons and any body or association, corporate or unincorporated; "agreement" or "arrangement" includes any transaction, formal or informal and whether legally binding or not; and 'the work' means the work in relation to which this Final Tender Submission is made.

Signature of Tenderer*/Company: _____

Date: _____

* In addition to being completed for each Relevant Entity, where the Tenderer has been established as a company, the form should also be signed by two directors or by a director and the secretary of the company, such persons being duly authorised for that purpose.

APPENDIX D: KPI SCHEDULE

KPI SCHEDULE FOR USE BY TENDERERS TO PRODUCE PROPOSAL FOR ULTIMATE INCLUSION IN SECTION 3 (PERFORMANCE MEASUREMENT) OF SCHEDULE PART 3 (PARTNERING SERVICES) OF THE TERRITORY PARTNERING AGREEMENT.

This Appendix D contains guidance on the Participants' requirements in relation to Key Performance Indicators (KPIs) and in particular which areas of hubco's performance are to be linked to Significant Performance Failures and failure of the Track Record Test.

Appendix D to the ITPD contains a detailed schedule providing further and specific guidance on each KPI included in the summary table.

When complete, the detailed schedule will allow Tenderers to develop their specific KPIs to a common set of principles. In some cases, the KPIs will be more prescriptive, whilst in others there will be greater flexibility for the Tenderers to develop their own proposals.

It should be noted that the list of KPIs provided in both the summary table and detailed schedule are considered the minimum areas of performance to be measured and minimum performance requirements. Tenderers are encouraged as part of their continuous improvement proposals and added value to augment the Participants' KPI proposals and guidance, referred to above, with any additional KPIs as they consider appropriate to support their proposals.

The Participants wish to adopt a simple trigger mechanism for both the Track Record Test (TRT) and Significant Performance Failure (SPF). They wish any individual TRT or SPF KPI performance falling below the final agreed thresholds to trigger the relevant mechanism. Tenderers must take account of this when developing their proposals.

The KPI Schedule at Appendix D of the ITPD should be completed and returned by the Tenderers as part of their final tender submission.

KPI Summary Table

Key area of performance to be reviewed	KPI	Significant Performance Failure (SPF)	Track Record Test (TRT)	Continuous Improvement Test (CIT)	KPI Measurement	Measurement period	Reporting frequency	Testing frequency	Guidance
Health and Safety	1.1. Reportable RIDDOR accidents in the hubco members and Tier 1 suppliers' organisations active in the hub territory (business wide AIR).	Failure occurs where the number of RIDDOR Reportable Accidents for any Tier 1 construction delivery partners results in an AIR rating in excess of [<i>tenderers to propose target</i>] (where the Tier 1 construction delivery partner is active on hub projects in the Territory over the measurement period).		[% improvement targets to be proposed by tenderers]	To be measured in line with HSE guidance for calculating the Accident Incident Rate (AIR)	12 months	Monthly during the construction phase of each project	Annual	Thresholds to be agreed for hubco and Tier 1 construction delivery partners to reflect industry Best Practice. Tenderers to provide detail on how this KPI will be measured and to provide clarity of the level of measurement of health and safety statistics through the supply chain.
	1.2. Reportable RIDDOR accidents on hub projects		Failure occurs where the number of RIDDOR Reportable Accidents on hub projects in the Territory results in an AIR rating of more than [<i>tenderers to propose</i>		To be measured in line with HSE guidance for calculating the Accident Incident Rate (AIR)	12 months	Monthly during the construction phase of each project	Annual	Thresholds to be agreed for hubco and Tier 1 supply chain partners to reflect industry Best Practice.

Key area of performance to be reviewed	KPI	Significant Performance Failure (SPF)	Track Record Test (TRT)	Continuous Improvement Test (CIT)	KPI Measurement	Measurement period	Reporting frequency	Testing frequency	Guidance
			<i>target]</i>						
	1.3. Number of HSE enforcement notices		Failure occurs where there has been more than 1 enforcement notice on any hub project site.		Number of enforcement notices on any hub project site	12 months	Annual	Annual	Thresholds to be agreed for hubco and Tier 1 supply chain partners to reflect industry Best Practice. Minimum requirement specified in TRT column.
Management Systems	2.1. Establishment of management systems and internal audits.	Failure occurs where hubco has failed to establish management systems and carry out first internal audits as defined by the tenderer's Management System Method Statement within 3 months of contract award			Length of time following entry into the TPA to establish management systems and establish internal audits.	Start of contract until establishment of management systems	Monthly	End of first 3 months	Tenderers are asked to provide information on how hubco will audit its Management Systems, including: the types of audit (s) that will be undertaken (internal/external), the proposed audit approach, audit frequency, who in the supply chain would be audited (expected
	2.2. Compliance with	Minimum compliance with hubco		% improvement in audit	Measurement to be linked to results for internal/external	3 year rolling average	Annual	Annual	

Key area of performance to be reviewed	KPI	Significant Performance Failure (SPF)	Track Record Test (TRT)	Continuous Improvement Test (CIT)	KPI Measurement	Measurement period	Reporting frequency	Testing frequency	Guidance
	management systems	<p>Management Systems assessed through [internal/external] audits of hubco projects as defined in the Management Systems referred to at Section 2 of Part 3 of the Schedule to the TPA.</p> <p>Failure occurs where more than [30]% of the items on the audit list have non-conformances</p>		scores with an annual improvement target for the first three years which would be reviewed thereafter – to be proposed by tenderers	audits with a minimum audit frequency of 6 months.				<p>as a minimum to include all Tier 1 construction delivery partners and their designers working on hubco projects), the scoring methodology, setting corrective actions and monitoring compliance with the corrective actions etc, for each part of the management system.</p> <p>Tenderers are propose a minimum compliance threshold for this KPI and are asked to propose an adjustment to the threshold for an early bedding in period. For the avoidance of doubt, tenderers should implement separate audits for the quality, health and safety</p>

Key area of performance to be reviewed	KPI	Significant Performance Failure (SPF)	Track Record Test (TRT)	Continuous Improvement Test (CIT)	KPI Measurement	Measurement period	Reporting frequency	Testing frequency	Guidance
									and environment systems unless an integrated management system is proposed which can be audited jointly. Minimum requirement specified in TRT column.
Programme	3.1. Delivery against agreed project development programme (Stages 1&2 of the New Project Approval Process).	Failure occurs where the cumulative total of the actual programmes for the delivery of Stages 1&2 for all hubco projects delivered over a 3 year rolling period exceeds [110%] of the cumulative total of the agreed stage 1&2 programmes, including for the avoidance of doubt, any agreed extensions to the programme		Tenderers to propose a number of KPIs that measure improvement in achievement of Stage 1 and Stage 2 programmes	% exceedence of the agreed cumulative Stage 1 & 2 programmes for all hubco projects completing the New Project Approval Process within the measurement period.	3 year rolling period (for all hubco projects completing the New Project Approval Process within the period)	Quarterly	Annual	
			Failure occurs where the actual programme for		% exceedence of the agreed Stage 1 & 2 programmes for	Per Project (on completion of Stage 2 for that	Quarterly	Annual	

Key area of performance to be reviewed	KPI	Significant Performance Failure (SPF)	Track Record Test (TRT)	Continuous Improvement Test (CIT)	KPI Measurement	Measurement period	Reporting frequency	Testing frequency	Guidance
			the delivery of Stages 1&2 exceeds [125%] of the agreed programme for any single hubco project, including for the avoidance of doubt, any agreed extensions to the programme.		any one project	project).			
	3.2. Delivery against agreed Construction programme	Failure occurs where the cumulative total of the actual construction programmes for hub projects in the Territory exceeds [105%] of the cumulative total of the agreed programmes, including for the avoidance of doubt, any agreed extensions to the programme.		Tenderers to propose a number of KPIs that measure improvement in successful delivery of construction programmes	% exceedence of the agreed programme measured from the execution of the template Project Agreement to the actual completion date including, for the avoidance of doubt, any extension of time granted under the Project Agreement.	3 year rolling period (for all hubco projects where Actual Completion Date occurs within the period)	Quarterly	Annual	
			Failure occurs where the actual construction programme of any hub project		% exceedence of the agreed programme measured from the execution of the	Per Project (on actual completion)	Quarterly	Annual	

Key area of performance to be reviewed	KPI	Significant Performance Failure (SPF)	Track Record Test (TRT)	Continuous Improvement Test (CIT)	KPI Measurement	Measurement period	Reporting frequency	Testing frequency	Guidance
			in the Territory undertaken in measurement period exceeds [110%] of the agreed contract programme		template Project Agreement to the actual completion date including, for the avoidance of doubt, any extension of time granted under the Project Agreement.				
	4.1. Stage 2 Approvals.		Failure occurs where less than [80%] of Stage 2 Submissions meet the Approval Criteria in the first 3 years, increasing to [85%] for subsequent 3 year periods (except where the project cost plan is not affordable despite being within the Affordability Cap included within the New Project Request).	Tenderers to propose wider performance measurement proposals for Stage 2 Development activities and outputs.	% of Stage 2 - Submissions that meet the Approval Criteria.	3 year rolling period which includes a minimum of 5 projects for the first period and then a rolling 3 year average thereafter	Quarterly	Annual	Tenderers are asked to propose an appropriate threshold for this KPI. It is expected that hubco's success rate for Stage 2 approvals will improve over the first couple of years and therefore tenderers are asked to include a revised threshold that will be applied thereafter.
	4.2. Compliance with Value for Money (VFM) proposals.		Tenderers to propose a KPI to test compliance with hubco's Value for Money methodology (as		Tenderers to propose	per project	per project	per project	Tenderers are asked to propose a Track Record Test to measure compliance with the VFM section

Key area of performance to be reviewed	KPI	Significant Performance Failure (SPF)	Track Record Test (TRT)	Continuous Improvement Test (CIT)	KPI Measurement	Measurement period	Reporting frequency	Testing frequency	Guidance
			<p>included in the Project Development Partnering Services Method Statement) on a project by project basis.</p> <p>Minimum requirement that [≥ 80%] of items on the audit list to have no non-conformances: non-conformance in excess of that level would constitute a failure.</p> <p><i>Tenderers can propose to link this to KPI 4.1, providing that demonstrating compliance with hubco's VFM methodology is an integral part of the Stage 2 approvals process.</i></p>						<p>of their Project Development Partnering Services Method Statement that would be tested on a project by project basis. Tenderers are asked to define the measurement approach, testing thresholds, measurement period and reporting frequency for this KPI. Minimum requirement stated in TRT column.</p>
	4.3. Whole life			Tenderers to propose a	Tenderers to	Tenderers to	Quarterly	Tenderers	Tenderers to propose a series

Key area of performance to be reviewed	KPI	Significant Performance Failure (SPF)	Track Record Test (TRT)	Continuous Improvement Test (CIT)	KPI Measurement	Measurement period	Reporting frequency	Testing frequency	Guidance
	costs			series of CIT for measuring project whole life costs and set appropriate improvement targets. KPI to cover as a minimum: design costs, construction costs (including equipment), operational costs, maintenance lifecycle etc.	propose	propose		to propose	of CIT KPIs for measuring project whole life costs and are asked to set appropriate improvement targets. KPI to cover as a minimum: design costs, construction costs (including equipment), operational costs, maintenance lifecycle etc.
	4.4 Reduction in average construction cost on comparable elements of projects			Failure occurs where the average construction cost per each comparable elemental item (calculated by the construction cost for each elemental item divided by the gross internal floor area (GIFA) where the construction	Tenderers to propose	3 year rolling period following end of year 3	Tenderers to propose	Annually following end of year 3	Tenderers to include a robust methodology for how this will be measured and provide worked examples where possible. Tenderers to outline how this would be achieved without reducing the scope or quality of the project.

Key area of performance to be reviewed	KPI	Significant Performance Failure (SPF)	Track Record Test (TRT)	Continuous Improvement Test (CIT)	KPI Measurement	Measurement period	Reporting frequency	Testing frequency	Guidance
				cost excludes any site specific requirements and/or abnormals) does not reduce by [3]% over a 3 year rolling period.					
Quality	5.1. Design quality		Tenderers to propose KPI s and thresholds linked to scores generated via industry standard design toolkits such as AEDET evolution and DQI. Failure to occur where [≥20%] of projects do not achieve the DQI/AEDET target score agreed between hubco and the Relevant Participant(s) (1) during Stage 1 and assessed		% achievement of agreed target scores measured during Stage 1, Stage 2 and at completion of construction	3 year rolling	Quarterly	Annual	It is recognised that there are a number of design toolkits for measuring design quality at various stages of the project development such as AEDET evolution (primarily used for healthcare projects) or Dti Design Quality Indicator (DQI) which is used for buildings and schools projects. Tenderers are asked to include proposals for design quality Track Record Tests that are

Key area of performance to be reviewed	KPI	Significant Performance Failure (SPF)	Track Record Test (TRT)	Continuous Improvement Test (CIT)	KPI Measurement	Measurement period	Reporting frequency	Testing frequency	Guidance
			<p>at the end of Stage 1; (2) during Stage 2 and at the end of Stage 2 and (3) at completion of construction.</p> <p>Failure will also occur where less than [90%] of projects score \geq[4] on AEDET/DQI as appropriate.</p>						<p>measured by each industry standard (depending on which is most relevant to the facility under construction) process/toolkit. Tenderers are asked to include details of how the process would be applied at the different project stages, how targets would be agreed between hubco and Participants for each project - including different approaches for refurbishments compared to new build, how hubco would engage with Participants to develop their understanding of the process and to allow them to agree appropriate targets (for example facilitated workshops, training sessions</p>

Key area of performance to be reviewed	KPI	Significant Performance Failure (SPF)	Track Record Test (TRT)	Continuous Improvement Test (CIT)	KPI Measurement	Measurement period	Reporting frequency	Testing frequency	Guidance
									<p>etc). Tenderers are asked to propose minimum KPI thresholds that would be applicable for all projects, and a minimum % achievement of the agreed target score that would be measured across all projects.</p> <p>Tenderers should note the minimum requirements detailed in the TRT column</p>
	5.2. Construction quality.		Failure occurs where less than [90%] of projects achieve grade [8] or more on the Constructing Excellence Scale of 1-10 or any project scores less than 5. For refurbishments, failure occurs where less than [80%] of projects		The percentage of facilities completed which achieve grade 8 or more on the Constructing Excellence scale of 1-10 (<i>where a score of 10 is given to a project that is defect free, a score of 8 is given where there are some defects but with no significant impact on the Client, a score</i>	3 year rolling period for achieving a minimum of grade [8] on the Construction Excellence Scale. Per project where any single project scores less than 5.	Quarterly	Annual	

Key area of performance to be reviewed	KPI	Significant Performance Failure (SPF)	Track Record Test (TRT)	Continuous Improvement Test (CIT)	KPI Measurement	Measurement period	Reporting frequency	Testing frequency	Guidance
			achieve grade [8] on the Constructing Excellence Scale of 1-10 or any project scores less than 5.		<i>of 5 or 6 would be given where there are some defects with some impact on the Client and a score of 3 would be given where there are major defects with significant impacts to the Client) and whether any project scores less than 5.</i>				
	5.3. Post occupancy quality		KPI to be linked to a post occupancy quality survey that would be issued to key user managers and linked to the critical success factors defined during Stage 1 of the New Project Approval Process. Failure to occur where this does not achieve a pass score in at least [90%] of categories surveyed	CIT linked to % improvement target	Percentage of categories surveyed passed in accordance with tenderers proposed methodology	Measured for each completed facility	Quarterly	Per project	Tenderers are asked to propose a Track Record Test linked to results from post occupancy surveys that would be issued to key user managers. Tenderers are asked to include proposals for how this survey would be carried out, areas that would be measured by the survey, and how the survey will be scored. The scoring methodology should be calibrated against a possible score

Key area of performance to be reviewed	KPI	Significant Performance Failure (SPF)	Track Record Test (TRT)	Continuous Improvement Test (CIT)	KPI Measurement	Measurement period	Reporting frequency	Testing frequency	Guidance
									of 1-10 for each question asked with a score of 7 being the pass score. Tenderers should either propose a survey or submit a similar benchmark survey from elsewhere.
Partnering and Collaboration.	6.1. Active involvement in TPB.	Failure occurs where hubco scores less than [70%] on annual satisfaction surveys issued to TPB members (excluding hubco members) to measure the effectiveness of hubco's input into the TPB. As part of the surveys, hubco should test Participants' satisfaction that continuous improvement is being delivered on an annual basis (<i>this would include reviewing the thresholds set for individual</i>		CIT linked to % improvement target	[≥70%] minimum score for all satisfaction surveys.	Annual	Annual	Annual	Tenderers are required to include a scoring methodology for the satisfaction surveys and to calibrate the scale against a possible score of 1-10 for each question asked. A score of 7 shall be equal to a rating of 'good' or better. The TPB will measure the effectiveness of hubco input into the TPB by monitoring the results from annual satisfaction surveys issued to

Key area of performance to be reviewed	KPI	Significant Performance Failure (SPF)	Track Record Test (TRT)	Continuous Improvement Test (CIT)	KPI Measurement	Measurement period	Reporting frequency	Testing frequency	Guidance
		<i>CIT).</i>							<p>all TPB members (excluding hubco members). hubco will be required to achieve a minimum score for all surveys.</p> <p>Tenderers are asked to include proposals for how this survey would be carried out, areas that would be measured by the survey, how the survey will be scored and the proposed KPI threshold. Tenderers should either propose a survey or submit a similar benchmark survey from elsewhere.</p>
	6.2. Overall satisfaction with partnering services.	hubco to achieve a minimum score of [$\geq 70\%$] on annual feedback surveys issued to representatives from the 6 Community Planning		CIT linked to % improvement target	Minimum score of [$\geq 70\%$] for [80%] of returned satisfaction surveys. No survey to receive an overall score of less than 50%.	Annual	Annual	Annual	Tenderers are required to include a scoring methodology for the satisfaction surveys and to calibrate the scale against a possible score of 1-10 for each question

Key area of performance to be reviewed	KPI	Significant Performance Failure (SPF)	Track Record Test (TRT)	Continuous Improvement Test (CIT)	KPI Measurement	Measurement period	Reporting frequency	Testing frequency	Guidance
		<p>Partnerships, that have been actively involved and engaged with hubco over the previous 12 month period.</p> <p>Failure occurs when less than [80%] of returned surveys do not achieve the minimum score of [70%]. Failure would also occur if any returned survey received an overall score of less than 50%.</p>							<p>asked. A score of 7 shall be equal to a rating of 'good' or better.</p> <p>The TPB will measure the Participants' overall satisfaction with the Partnering Services by monitoring the results from annual satisfaction surveys issued to all representatives from the 6 Community Planning Partnerships in the Territory. hubco will be required to achieve a minimum score for all surveys. Tenderers are asked to include proposals for how this survey would be carried out, areas that would be measured by the survey, how</p>

Key area of performance to be reviewed	KPI	Significant Performance Failure (SPF)	Track Record Test (TRT)	Continuous Improvement Test (CIT)	KPI Measurement	Measurement period	Reporting frequency	Testing frequency	Guidance
									the survey will be scored and the proposed KPI threshold. Tenderers should either propose a survey or submit a similar benchmark survey from elsewhere.
Community Engagement	7.1. Compliance with community engagement proposals included in Ongoing Partnering Services Method Statement.		KPI to measure compliance with community eng agreement proposals included in Ongoing Partnering Services Method Statement. Failure occurs where less than [80%] of items on the check list have no non conformances. The method statement should as a minimum outline how hubco will agree the level of community engagement, or support to community engagement,	The Territory will circulate supplemental guidance for Community Benefits which will include community engagement, recruitment and training and SME. Tenderers are asked to propose, as part of their continuous improvement, KPIs that will monitor delivery of the Territory's aims as outlined in the guidance.	Tenders proposed compliance with Ongoing Partnering Services Method Statement over the year.	Annual	Quarterly	Annual	Tenderers are asked to propose a Track Record Test to measure compliance with their proposals for community engagement that are detailed in the Ongoing Partnering Services Method Statement. Tenderers are asked to define the measurement approach, testing thresholds, measurement period and reporting frequency.

Key area of performance to be reviewed	KPI	Significant Performance Failure (SPF)	Track Record Test (TRT)	Continuous Improvement Test (CIT)	KPI Measurement	Measurement period	Reporting frequency	Testing frequency	Guidance
			required by Relevant Participant(s) for each New Project. For example, the tenderer could propose to develop a community engagement project plan for each New Project. Compliance would be measured against achieving the targets agreed with Relevant Participant(s).						
Community Benefit	8.1. Recruitment and Training.		KPI to measure compliance with recruitment and training proposals included in Ongoing Partnering Services Method Statement. The Method Statement should as a minimum outline how hubco will agree with	The Territory will circulate supplemental guidance for Community Benefits which will include community engagement, recruitment and training and SME. Tenderers are asked to propose, as	Tenderers to propose	Annual	Quarterly	Annual	The Participants recognise the potential of community benefits within procurement processes and specifically what it can bring in terms of employment and training and business development throughout the full period of the proposed

Key area of performance to be reviewed	KPI	Significant Performance Failure (SPF)	Track Record Test (TRT)	Continuous Improvement Test (CIT)	KPI Measurement	Measurement period	Reporting frequency	Testing frequency	Guidance
			<p>Relevant Participants the level of recruitment and training to be delivered by hubco for each New Project. Compliance would be measured against achieving the targets agreed with the Relevant Participants and a failure would arise where those targets are not met.</p>	<p>part of their continuous improvement proposals, KPIs that will monitor delivery of the Territory's aims as outlined in the guidance.</p>					<p>development and beyond. Tenderers should be clear in their responses how data is going to be collected to enable accurate auditing of this KPI. Bidders are referred to the relevant guidance and should propose KPI's and methodologies which meet as a minimum the targets included in The National Skills Academy for Client-Based Approach to implementation by contractors of employment and skills requirements on construction projects in Scotland</p>
	<p>8.2. Small and Medium Enterprise (SME) supplier/third sector</p>			<p>The Territory has drafted supplemental guidance for Community Benefits which</p>	<p>Tenderers to propose</p>	<p>Annual</p>	<p>Quarterly</p>	<p>Annual</p>	<p>The Participants recognise the need to support the development of the SME and third sector by developing a</p>

Key area of performance to be reviewed	KPI	Significant Performance Failure (SPF)	Track Record Test (TRT)	Continuous Improvement Test (CIT)	KPI Measurement	Measurement period	Reporting frequency	Testing frequency	Guidance
	development.			includes community engagement, recruitment and training, SME and third sector. Tenderers are asked to propose, as part of their continuous improvement, KPIs that will monitor delivery of the Territory's aims as outlined in the guidance.					procurement approach which maximizes their exposure to procurement opportunities. Tenderers are expected to outline proposals for working with the SME and third sector as part of their approach to the delivery of the Territory Programme. The Contractor will be required to provide access to opportunities to SMEs and the third sector wherever possible. Tenderers should be clear in their responses how data is going to be collected to enable accurate auditing of this KPI.
Sustainability	9.1. Achievement of BREEAM targets.		Failure occurs where ≥95% of completed projects do not meet or exceed the target		Pass/Fail on agreed criteria	Year rolling	Quarterly	Annually	

Key area of performance to be reviewed	KPI	Significant Performance Failure (SPF)	Track Record Test (TRT)	Continuous Improvement Test (CIT)	KPI Measurement	Measurement period	Reporting frequency	Testing frequency	Guidance
			BREEAM score agreed by hubco and the Participants for the project during Stage 2.						
	9.2 (a). Reducing Construction Waste		KPI to measure the quantity of construction waste leaving the site. Failure occurs where the volume of construction waste leaving the site exceeds [Tenderers to propose target for years 1-5] tonnes per £100k of construction value.		Tonnes of construction waste leaving site per £100K of construction value.	12 months (across all hub project sites)	Annual	Annual	Tenderers to include proposals for a Track Record Test to monitor the amount of construction waste that leaves hub project sites based on Waste Benchmarking guidance provided by WRAP at www.wrap.org.uk . Tenderers to include proposals for how this KPI would be measured, measurement period, reporting frequency and testing frequency. Tenderers to note minimum requirement in TRT column.
	9.2 (b) Reducing Construction		KPI to measure the weight of construction		Tonnes of construction waste sent to landfill per	12 months (across all hub	Quarterly	Annual	Tenderers to include proposals for a Track

Key area of performance to be reviewed	KPI	Significant Performance Failure (SPF)	Track Record Test (TRT)	Continuous Improvement Test (CIT)	KPI Measurement	Measurement period	Reporting frequency	Testing frequency	Guidance
	Waste .		waste going to landfill from the site. Failure occurs where the weight of construction waste going to landfill exceeds [tenderers to propose targets for years 1-5] tonnes per £100k of construction value.		£100K of construction value.	project sites)			Record Test to monitor the amount of construction waste that is sent to landfill based on guidance provided by WRAP at www.wrap.org.uk . Tenderers to propose thresholds and include proposals for how this KPI would be measured, measurement period, reporting frequency and testing frequency. Tenderers to note minimum requirement in TRT column.
	9.2 (c) Reuse and recycling of Construction Waste			CIT to target the proportion of construction and demolition waste that is recycled and reused in line with the guidance set out by Zero Waste	Recover at least [70%] of construction materials, and aim to exceed [80%]; recover at least [80%] of demolition, strip out and excavation materials (where applicable), and aim to exceed [90%] in year one. Tenderers to	Year rolling average across all hub project sites	Quarterly	Annual	Attention is drawn to Scotland's Zero Waste Plan which was published by the Scottish Government in June 2010. This document includes targets for reusing and recycling waste and reducing the proportion of

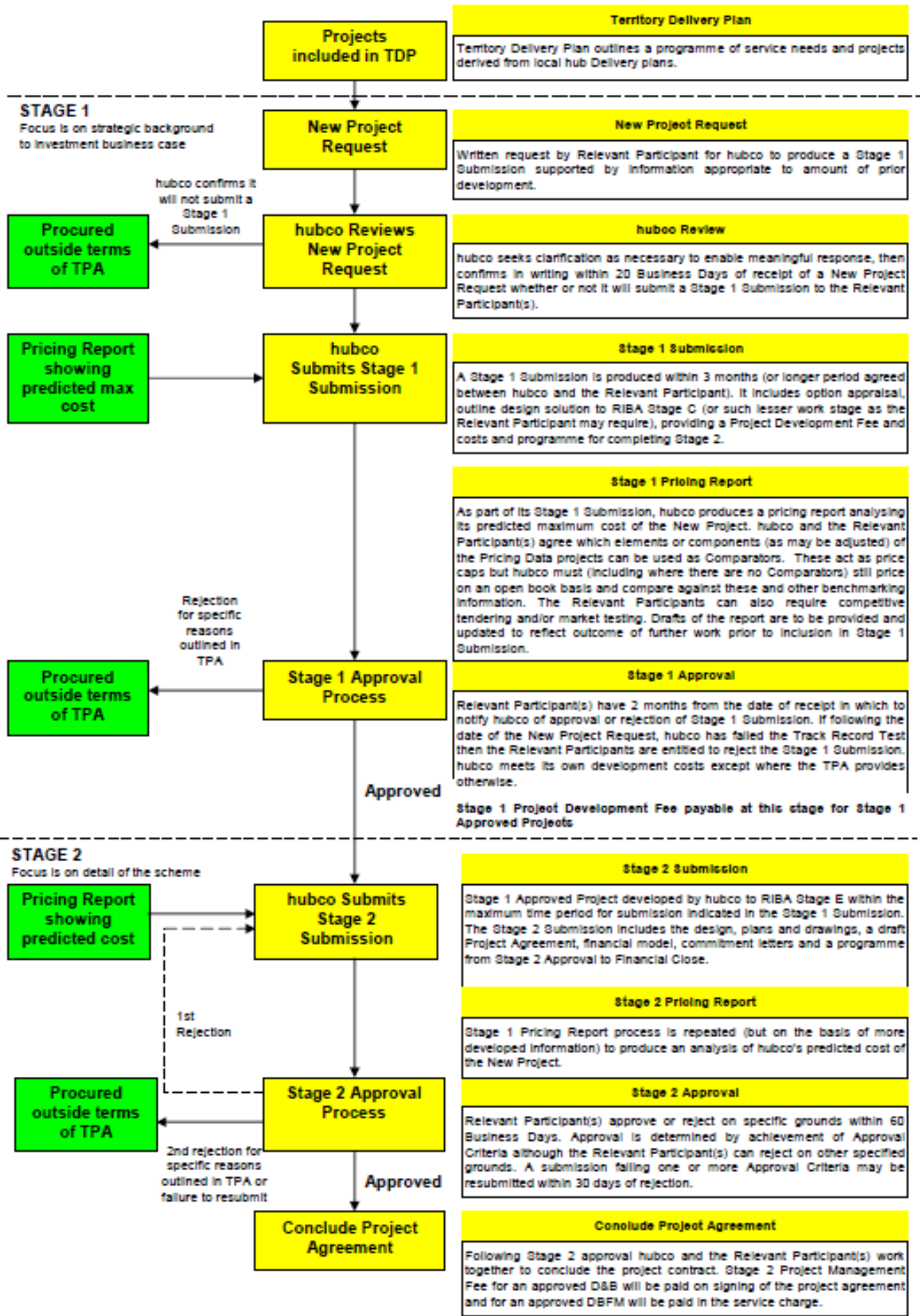
Key area of performance to be reviewed	KPI	Significant Performance Failure (SPF)	Track Record Test (TRT)	Continuous Improvement Test (CIT)	KPI Measurement	Measurement period	Reporting frequency	Testing frequency	Guidance
				Scotland. Minimum target of 70% of construction and demolition waste to be recycled and/or prepared for re-use by 2020.	provide year on year improvement targets.				waste that sent to landfill. Tenderers are asked to include proposals for how hubco will contribute towards the Scottish Government 's target of no more than 5% of all waste to go to landfill by 2025
	9.2 (d) Reducing Construction Waste		Failure occurs if any hub project site does not have a waste management plan		Tenderers to propose	Per project	Per project	Per project	Tenderers are asked to develop a Track Record Test to measure compliance with having a waste management plan in place at the relevant times. It is envisaged that the waste management plan would be produced by hub co with each supply chain member contributing to forecasting of waste arising per waste stream. This should also cover the project design teams

Key area of performance to be reviewed	KPI	Significant Performance Failure (SPF)	Track Record Test (TRT)	Continuous Improvement Test (CIT)	KPI Measurement	Measurement period	Reporting frequency	Testing frequency	Guidance
									approach to take cognisance of WRAP designing out waste principles in formulating their design proposals. Attention is drawn to WRAP guidance to be found at www.wrap.org.uk .
	9.2 (e) Recycled Content Materials		Failure occurs where the percentage of recycled content by value of materials used falls below 15%		By collating the value of materials derived from re-used and recycled sources and calculating proportion it represents of total materials used	Per project	Quarterly (for all projects completed in that period)	Quarterly	Attention is drawn to WRAP guidance to be found at www.wrap.org.uk these).
	9.3 EPC Rating		Failure occurs where less than 90% of agreed EPC performance for that facility is achieved at Actual Completion		Tenderers to propose	Per Project	Per project	Per Project	
Supply Chain Management	10.1. Compliance with Method Statement for selection and management of		KPI to be aligned to compliance with that part of the Ongoing Partnering		Tenderers to propose	Annual	Quarterly	Annual	Tenderers are asked to propose a Track Record Test to measure compliance with their proposals for

Key area of performance to be reviewed	KPI	Significant Performance Failure (SPF)	Track Record Test (TRT)	Continuous Improvement Test (CIT)	KPI Measurement	Measurement period	Reporting frequency	Testing frequency	Guidance
	the supply chain.		Services Method Statement dealing with selection and management of the supply chain. Failure occurs where less than [80%] of items on the audit list have no non-conformances						supply chain management included in their method statement. Tenderers are asked to define the measurement approach, testing thresholds, measurement period and reporting frequency. Tenderers to note minimum requirement in TRT column
	10.2. Compliance with Project Development Partnering Services Method Statement for selection from and management of the supply chain to new projects.		KPI to be lined to compliance with Method Statement for selection from and management of the supply chain to New Projects. Failure occurs where less than [80%] of items on the audit list have no non-conformances		Tenderers to propose	Per project	Quarterly	Annual	Tenderers are asked to propose a Track Record Test to measure compliance with their proposals for supply chain management included in their method statement. Tenderers are asked to define the measurement approach, testing thresholds, measurement period and reporting

Key area of performance to be reviewed	KPI	Significant Performance Failure (SPF)	Track Record Test (TRT)	Continuous Improvement Test (CIT)	KPI Measurement	Measurement period	Reporting frequency	Testing frequency	Guidance
									frequency.
Overall performance of New Project Delivery	11.1. Overall performance of New Project Delivery	Failure occurs where there have been more than 5 TRT KPI failures over a 3 year rolling period, or more than 3 failures in any one calendar year.				3 year rolling average	Annual	Annual	

APPENDIX E: 2 STAGE NEW PROJECT APPROVAL PROCESS



APPENDIX F: TENDER DIALOGUE SUBMISSION & FINAL TENDER SUBMISSION COMPLIANCE CHECKLISTS

PART 1: TENDER DIALOGUE SUBMISSION CHECKLIST

Submission 1

Item No	Item Description	Tick Box
1	A proposed outline for the hubco Business Plan including a 5 year operating budget for hubco.	<input type="checkbox"/>
2	An outline Partnering Services method statement: Ongoing Partnering Services.	<input type="checkbox"/>
3	An outline Partnering Services method statement: Project Development Partnering Services in relation to Selection from Supply Chain for individual projects.	<input type="checkbox"/>
4	An outline Partnering Services method statement: Strategic Support Partnering Services	<input type="checkbox"/>

Submission 2

Item No	Item Description	Tick Box
5	Updated hubco Business Plan including a 5 year operating budget for hubco	<input type="checkbox"/>
6	Costs and considerations for DBFM.	<input type="checkbox"/>
7	An outline Partnering Services statement: balance of Project Development Partnering Services.	<input type="checkbox"/>

Submission 3

Item No	Item Description	Tick Box
8	A draft KPI Schedule and supporting methodologies for individual KPI's (including proposals for Track Record Test and Significant Performance Failure Thresholds) and proposals for continuous improvement	<input type="checkbox"/>
9	An outline Initial Management System including: <ul style="list-style-type: none">• an outline Quality Manual• an outline Environmental Manual• an outline H&S Policy Manual	<input type="checkbox"/>

PART 2: DRAFT FINAL TENDER SUBMISSION COMPLIANCE CHECKLIST

Item No	Item Description	Tick Box	Comment Green/Orange/Red
1	A completed Certificate of Non-Canvassing (Appendix 2)	<input type="checkbox"/>	
2	A completed Anti-Collusion Certificate (Appendix 3)	<input type="checkbox"/>	
3	A Certificate Confirming Acceptance of Final Shareholders' Agreement and Final Territory Partnering Agreement (Appendix 4)	<input type="checkbox"/>	
4	Executive Summary not exceeding [1000] words highlighting all key aspects of the Tenderer's Final Tender Submission.	<input type="checkbox"/>	
5	The hubco Business Plan	<input type="checkbox"/>	
6	Initial Management System required by E1.2.1 to E1.2.6 of the Appendix G to the ITPD.	<input type="checkbox"/>	
7	Partnering Services Method Statement: Ongoing Partnering Services.	<input type="checkbox"/>	
8	Partnering Services Method Statement: Project Development Partnering Services.	<input type="checkbox"/>	
9	Partnering Services Method Statement: Strategic Support Partnering Services.	<input type="checkbox"/>	
10	A KPI Schedule completed in accordance with the instructions at Appendix 5.	<input type="checkbox"/>	
11	Pricing Data Proformas 1- 13 (available on the EDT), plus supporting documentation	<input type="checkbox"/>	
12	Corporate structure chart showing Tenderer's proposed structure for investing the PSDP, including details of all intermediate companies within each consortium member's group.	<input type="checkbox"/>	
13	Final Tender Submission in the correct format – 1 hard copy (master copy), and 1 electronic copies uploaded via the EDT.	<input type="checkbox"/>	
14	A copy of the Non Price Evaluation Matrix in which the Tenderer has entered the exact reference within Final Tender Submission document for the response to the evaluation requirement.	<input type="checkbox"/>	
15	A copy of the Qualitative Price Evaluation Matrix in which the Tenderer has entered the exact reference within Final Tender Submission document for the response to the evaluation requirement.	<input type="checkbox"/>	

Item No	Item Description	Tick Box	Comment Green/Orange/Red
16	Draft Management Services Agreement (required where the Tenderer is proposing that certain management services be provided to hubco by the PSDP or a group company of one of the shareholders in the PSDP)	<input type="checkbox"/>	
17	A completed Certificate Confirming Tenderer's PQQ Submission (Appendix 7)	<input type="checkbox"/>	

APPENDIX G: NON-PRICE EVALUATION MATRIX

DRAFT

NON-PRICE EVALUATION MATRIX

Introduction

The Non-Price Evaluation shall be carried out in accordance with paragraph 6.5.4 of this Volume 1 of the Invitation. The evaluation of the quality and robustness of the Tenderer's proposals against each Non-Price Evaluation Sub-Criterion will include a requirement to assess the extent to which the proposals:

1. are clear and are consistent across all elements of the Tenderer's Final Tender Submission;
2. are consistent with the Final Territory Partnering Agreement, the Final Shareholders Agreement and the Participants' stated objectives as set out in the Territory Delivery Plan; and
3. reflect the relevant Final Tender Submission Requirements in Column E5.

A score for each Non-Price Evaluation Sub-Criterion will be arrived at on considering, in the round, each of the Final Tender Submission Requirements listed against that Non-Price Evaluation Sub-Criterion.

SUMMARY NON-PRICE EVALUATION MATRIX

Col. E1	Col. E2	Col. E3
Non-Price Evaluation Main Criteria and Weighting	Non-Price Evaluation Sub- Criteria	Non-Price Evaluation Sub- Criteria Weighting
E1 Approach to establishing and operating the hubco	E1.1 Quality and robustness of proposals as to strategy, governance and management aspects of hubco	60%
	E1.2 Quality and robustness of proposals for the development and implementation of appropriate management systems to manage hubco	40%
E2 Approach to Partnering	E2.1 Quality and robustness of the approach to delivery of the Ongoing Partnering Services (excluding supply chain management)	20%
	E2.2 Quality and robustness of proposals to manage, engage and contract with a supply chain suitable to provide Partnering Services and Project Services across the whole Territory	25%

Col. E1	Col. E2	Col. E3
Non-Price Evaluation Main Criteria and Weighting	Non-Price Evaluation Sub- Criteria	Non-Price Evaluation Sub- Criteria Weighting
	E2.3 Quality and robustness of proposals for development, throughout the New Project Approval Process and delivery of New Projects	20%
	E2.4 Quality and robustness of proposals for the selection of Contractors and Service Providers and their sub-contractors, consultants and suppliers on specific New Projects	15%
	E2.5 Quality and robustness of proposals for consideration and implementation of Sustainability on New Projects	5%
	E2.6 Quality and robustness of proposals for consideration and implementation of whole life cost issues on New Projects	10%
	E2.7 Quality and robustness of approach to providing Strategic Services across the Territory.	5%
E3 Key Performance Indicators and Continuous Improvement	E3.1 Quality and robustness of proposals to measure performance and review contractual compliance	35%
	E3.2 Quality and robustness of proposals to deliver continuous improvement across the hub Territory in relation to provision of the Ongoing Partnering Services	35%
	E3.3 Quality and robustness of proposals to deliver continuous improvement across the hub Territory in relation to Project Development Partnering Services	30%

NON-PRICE EVALUATION MATRIX

Col. E1	Col. E2	Col. E3	Col. E4	Col. E5	Col. E6	Col. E7
Non-Price Evaluation Main Criteria and Weighting	Non-Price Evaluation Sub- Criteria	Non-Price Evaluation Sub-Criteria Weighting	Ref within Final Tender Submission Requirement	Final Tender Submission Requirement	Location within Contract Document Suite	Location within Final Tender Submission (Tenderer to insert exact reference within document)
<p>E1</p> <p>Approach to establishing and operating the hubco</p> <p>10%</p>	<p>E1.1 Quality and robustness of proposals as to strategy, governance and management aspects of hubco</p>	<p>60%</p>	<p>E1.1.1</p>	<p>Each Tenderer should provide a proposed hubco Business Plan reflecting the structure contained within Appendix K of the ITPD and based on the assumptions provided during the competitive dialogue. This should describe the Tenderer's proposals as to:</p> <ol style="list-style-type: none"> 1. hubco's short (1st year), medium (years 2-5) and longer term (year 6 and subsequently) business objectives and strategy for obtaining those objectives; 2. hubco governance and management structures; and 3. resourcing, reflective of the Tenderer's proposed approach to delivery of the Partnering Services. This should include diagrams of the proposed organisational structure, and detail the roles and responsibilities for all principal disciplines, both 	<p>Shareholders Agreement, Schedule Part 5 (<i>Agreed Form Business Plan</i>)</p> <p>NB the Operating Budget contained within Tenderers' proposed Business Plans will be evaluated as part of the Quantitative Price Evaluation.</p>	

Col. E1	Col. E2	Col. E3	Col. E4	Col. E5	Col. E6	Col. E7
Non-Price Evaluation Main Criteria and Weighting	Non-Price Evaluation Sub- Criteria	Non-Price Evaluation Sub-Criteria Weighting	Ref within Final Tender Submission Requirement	Final Tender Submission Requirement	Location within Contract Document Suite	Location within Final Tender Submission (Tenderer to insert exact reference within document)
				<p>before and after execution of the Territory Partnering Agreement and the Shareholders Agreement. Where specific individuals are proposed for particular roles (whether on an interim or permanent basis) summary curriculum vitae (maximum of one page per person) of any personnel proposed for the roles identified shall be provided and include (as a minimum) details of key experience, education and professional status.</p> <p>Tenderers should clearly highlight and demonstrate within the relevant sections of their proposed Business Plan how their resource proposals reflect their proposals as contained within the Ongoing Partnering Services, Project Development Partnering Services and Strategic Support Partnering Services Method Statements.</p>		

Col. E1	Col. E2	Col. E3	Col. E4	Col. E5	Col. E6	Col. E7
Non-Price Evaluation Main Criteria and Weighting	Non-Price Evaluation Sub- Criteria	Non-Price Evaluation Sub-Criteria Weighting	Ref within Final Tender Submission Requirement	Final Tender Submission Requirement	Location within Contract Document Suite	Location within Final Tender Submission (Tenderer to insert exact reference within document)
			E1.1.2	There should be appended to the proposed Business Plan a draft management services agreement to regulate the basis on which management services, personnel and/or other resources would be provided to the hubco by the PSDP or a group company of any shareholder in the PSDP. This should include appropriate guarantees from the PSDP sponsors.	Shareholders Agreement, Schedule Part 5 (<i>Agreed Form Business Plan</i>)	
			E1.1.3	The proposed Business Plan should detail the Tenderer's proposals as to the process for appointing and replacing key hubco staff. This shall include the process for developing the role descriptions and candidate profiles, advertising the post and reviewing applicants and selecting applicants and the approvals required for appointment.	Shareholders Agreement, Schedule Part 5 (<i>Agreed Form Business Plan</i>)	
			E1.1.4	Provided as part of the proposed Business Plan should be a detailed Preferred Tenderer programme covering: 1. the activities required to achieve the Territory's stated	This will be used solely for the Non-Price Evaluation.	

Col. E1	Col. E2	Col. E3	Col. E4	Col. E5	Col. E6	Col. E7
Non-Price Evaluation Main Criteria and Weighting	Non-Price Evaluation Sub- Criteria	Non-Price Evaluation Sub-Criteria Weighting	Ref within Final Tender Submission Requirement	Final Tender Submission Requirement	Location within Contract Document Suite	Location within Final Tender Submission (Tenderer to insert exact reference within document)
				<p>date for execution of the Territory Partnering Agreement and the Shareholders Agreement;</p> <p>2. the PSDP personnel and resources that will be allocated to each of those activities; and</p> <p>3. the interdependencies of the various activities and personnel.</p> <p>For these purposes Tenderers should assume that:</p> <p>(a) each of the Partnering Services Method Statements shall require two further iterations to finalise;</p> <p>(b) there shall be two iterations of the Territory Partnering Agreement, Shareholders Agreement and management services agreement; and</p> <p>(c) the Participants will require hubco to have in place framework supply chain agreements with key Supply</p>		

Col. E1	Col. E2	Col. E3	Col. E4	Col. E5	Col. E6	Col. E7
Non-Price Evaluation Main Criteria and Weighting	Non-Price Evaluation Sub- Criteria	Non-Price Evaluation Sub-Criteria Weighting	Ref within Final Tender Submission Requirement	Final Tender Submission Requirement	Location within Contract Document Suite	Location within Final Tender Submission (Tenderer to insert exact reference within document)
				Chain Members at the point of entering into the Territory Partnering Agreements. The form of these framework supply chain agreements will require to be approved by the Participants in advance and should reflect the terms of hubco's Partnering Services Method Statements and Initial Management Systems proposals.		
			E1.1.5	<p>The proposed Business Plan should include a detailed plan of action for each of the first 100 days, the first six months and the first year of hubco's existence which should reflect:</p> <ol style="list-style-type: none"> 1 the activities the Tenderer expects hubco to be undertaking in each period, both related to specific New Projects and in the context of Ongoing Partnering Services (including as referred to in paragraph 2 of E1.2.2 below); 2 the milestones to be achieved (including any targets for 	Shareholders Agreement, Schedule Part 5 (<i>Agreed Form Business Plan</i>)	

Col. E1	Col. E2	Col. E3	Col. E4	Col. E5	Col. E6	Col. E7
Non-Price Evaluation Main Criteria and Weighting	Non-Price Evaluation Sub- Criteria	Non-Price Evaluation Sub-Criteria Weighting	Ref within Final Tender Submission Requirement	Final Tender Submission Requirement	Location within Contract Document Suite	Location within Final Tender Submission (Tenderer to insert exact reference within document)
				<p>development or accreditation of the hubco management systems);</p> <p>3 the hubco and/or PSDP personnel and resources that will be allocated to each of those activities; and</p> <p>4 the interdependencies of the various activities and personnel.</p> <p>This plan of action should be consistent with the general resourcing proposals referred to above and the Tenderer's Partnering Services Method Statements.</p>		
	E1.2 Quality and robustness of proposals for the development and implementation of appropriate management systems to manage hubco	40%	E1.2.1	<p>Each Tenderer should provide a proposed Initial Management System meeting the requirements of Section 2 (<i>Management Systems</i>) of Schedule Part 3 (<i>Partnering Services</i>) of the Final Territory Partnering Agreement. The proposed Initial Management System should be well developed, specific to hubco and its activities and cover all aspects of hubco's potential activities under the Territory Partnering Agreement and Project Agreements.</p>	<p>Territory Partnering Agreement, Schedule Part 3 (<i>Partnering Services</i>), Section 2 (<i>Management Systems</i>), Appendix 1 (<i>Initial Management Systems</i>)</p>	

Col. E1	Col. E2	Col. E3	Col. E4	Col. E5	Col. E6	Col. E7
Non-Price Evaluation Main Criteria and Weighting	Non-Price Evaluation Sub- Criteria	Non-Price Evaluation Sub-Criteria Weighting	Ref within Final Tender Submission Requirement	Final Tender Submission Requirement	Location within Contract Document Suite	Location within Final Tender Submission (Tenderer to insert exact reference within document)
				<p>The proposed Initial Management System should:</p> <ol style="list-style-type: none"> 1 contain a proposed initial Quality Manual, Environmental Manual and Health and Safety Manual setting out systems which are aligned, but not necessarily accredited to, recognised industry standards such as ISO 9001, ISO 14001 and OHAS 18001 respectively; 2 specifically identify how these systems will operate at each of: <ol style="list-style-type: none"> (a) the hubco organisational level; and (b) individual project level <p>and how they will interface with the relevant systems of all members of the supply chain;</p> 3 cover all requirements within Ongoing, Project Development 		

Col. E1	Col. E2	Col. E3	Col. E4	Col. E5	Col. E6	Col. E7
Non-Price Evaluation Main Criteria and Weighting	Non-Price Evaluation Sub- Criteria	Non-Price Evaluation Sub-Criteria Weighting	Ref within Final Tender Submission Requirement	Final Tender Submission Requirement	Location within Contract Document Suite	Location within Final Tender Submission (Tenderer to insert exact reference within document)
				<p>(Stage 1, 2 and Post Contract Award) and Strategic Support Partnering Services;</p> <p>4 identify how the Tenderer would propose to implement the management systems comprised within the Initial Management System in the early stages of hubco's operation and further develop those as experience is gained;</p> <p>5 detail the set-up, implementation and operation of suitable procedures to monitor and improve how each of the three management systems interface with those of hubco's supply chain. This should include the audit procedures that will be implemented; and</p> <p>6 identify how the management systems comprised within the Initial Management System as updated from time to time are to be developed to ensure an appropriate fit, and interface, with Participants' respective management systems over time.</p>		

Col. E1	Col. E2	Col. E3	Col. E4	Col. E5	Col. E6	Col. E7
Non-Price Evaluation Main Criteria and Weighting	Non-Price Evaluation Sub- Criteria	Non-Price Evaluation Sub-Criteria Weighting	Ref within Final Tender Submission Requirement	Final Tender Submission Requirement	Location within Contract Document Suite	Location within Final Tender Submission (Tenderer to insert exact reference within document)
			E1.2.2	<p>The Tenderers' proposals should:</p> <ol style="list-style-type: none"> 1 be sufficiently developed such as to constitute Initial Management Systems suitable for use in delivering Partnering Services and any immediately required Project Services with effect from execution of the TPA; 2 include the programme and list of any additional activities required for development of the Initial Management Systems during the first year of hubco's operations; and 3 detail the areas and links between the development processes and the procedure for audit frequency and feedback reporting in relation to hubco's activities. 	<p>Territory Partnering Agreement, Schedule Part 3 (<i>Partnering Services</i>), Section 2 (<i>Management Systems</i>), Appendix 1 (<i>Initial Management Systems</i>)</p> <p>Shareholders Agreement, Schedule Part 5 (<i>Agreed Form Business Plan</i>)</p> <p>Territory Partnering Agreement, Schedule Part 3 (<i>Partnering Services</i>), Section 2 (<i>Management Systems</i>), Appendix 1 (<i>Initial Management Systems</i>)</p>	

Col. E1	Col. E2	Col. E3	Col. E4	Col. E5	Col. E6	Col. E7
Non-Price Evaluation Main Criteria and Weighting	Non-Price Evaluation Sub- Criteria	Non-Price Evaluation Sub-Criteria Weighting	Ref within Final Tender Submission Requirement	Final Tender Submission Requirement	Location within Contract Document Suite	Location within Final Tender Submission (Tenderer to insert exact reference within document)
			E1.2.3	<p>The proposed Health and Safety Manual should include but not be limited to the hubco occupational health and safety policy and clearly link to the Tenderer's proposals within the KPI Schedule and its proposed Project Development Partnering Services Method Statement as to how hubco will manage their obligations in relation to health and safety during:</p> <ol style="list-style-type: none"> 1 the New Project Approval Process; 2 the transition between the New Project Approval Process and construction; 3 construction, commissioning and post completion rectification works; and 4 where applicable, operation. 	Territory Partnering Agreement, Schedule Part 3 (<i>Partnering Services</i>), Section 2 (<i>Management Systems</i>), Appendix 1 (<i>Initial Management Systems</i>)	

Col. E1	Col. E2	Col. E3	Col. E4	Col. E5	Col. E6	Col. E7
Non-Price Evaluation Main Criteria and Weighting	Non-Price Evaluation Sub- Criteria	Non-Price Evaluation Sub-Criteria Weighting	Ref within Final Tender Submission Requirement	Final Tender Submission Requirement	Location within Contract Document Suite	Location within Final Tender Submission (Tenderer to insert exact reference within document)
			E1.2.4	The proposed Environmental Manual should include but not be limited to the hubco environmental policy and objectives and reflect the Tenderer's proposals within the KPI Schedule and its proposed Project Development Partnering Services Method Statement as to how hubco will manage and minimise the environmental impact of its activities, the activities of its supply chain and the Facilities it procures.	Territory Partnering Agreement, Schedule Part 3 (<i>Partnering Services</i>), Section 2 (<i>Management Systems</i>), Appendix 1 (<i>Initial Management Systems</i>)	
			E1.2.5	The proposed Initial Management Systems should detail the Tenderer's proposed approach to auditing, reviewing and reporting on implementation and compliance with hubco's management systems from time to time at all levels of the supply chain and within hubco itself. The proposals should address: 1 the frequency and scope of internal, and external, audits at a hubco and supply chain level; 2 the procedure for reporting and maintaining records of the findings of such audits; and	Territory Partnering Agreement, Schedule Part 3 (<i>Partnering Services</i>), Section 2 (<i>Management Systems</i>), Appendix 1 (<i>Initial Management Systems</i>)	

Col. E1	Col. E2	Col. E3	Col. E4	Col. E5	Col. E6	Col. E7
Non-Price Evaluation Main Criteria and Weighting	Non-Price Evaluation Sub- Criteria	Non-Price Evaluation Sub-Criteria Weighting	Ref within Final Tender Submission Requirement	Final Tender Submission Requirement	Location within Contract Document Suite	Location within Final Tender Submission (Tenderer to insert exact reference within document)
				<p>3 the procedure by which follow-up activities will be undertaken and used to drive continuous improvement through a range of measures,</p> <p>and contain clear links to the Tenderer's proposals for performance monitoring, measurement and reporting and continuous improvement in relation to the operation of the relevant management systems, as detailed in the Tenderer's proposed KPI Schedule.</p>		
			E1.2.6	<p>The proposed Initial Management System should demonstrate how the Tenderer proposes that hubco will monitor and ensure compliance with the various hubco method statements and as such should clearly relate and cross refer to the Tenderer's proposed Partnering Services Method Statements and link to the performance monitoring and measurement procedures and the Tenderer's proposed KPI Schedule.</p>	<p>Territory Partnering Agreement, Schedule Part 3 (<i>Partnering Services</i>), Section 2 (<i>Management Systems</i>), Appendix 1 (<i>Initial Management Systems</i>)</p>	

Col. E1	Col. E2	Col. E3	Col. E4	Col. E5	Col. E6	Col. E7
Non-Price Evaluation Main Criteria and Weighting	Non-Price Evaluation Sub- Criteria	Non-Price Evaluation Sub-Criteria Weighting	Ref	Final Tender Submission Requirement	Location within Contract Documentation Suite	Location within Final Tender Submission (Tenderer to insert exact reference within document)
E2 Approach to Partnering 40%	E2.1 Quality and robustness of the approach to delivery of the Ongoing Partnering Services (excluding supply chain management)	20%	E2.1.1	<p>Each Tenderer should provide a proposed Partnering Services Method Statement for delivery of the Ongoing Partnering Services (an "Ongoing Partnering Services Method Statement") which:</p> <ol style="list-style-type: none"> 1 is comprehensive and demonstrates that each of the Ongoing Partnering Service requirements as set out in paragraph 1.1 (General Requirements) and paragraph 1.2 (Ongoing Partnering Services) in Section 1 (Specification) of Schedule Part 3 (Partnering Services) of the Territory Partnering Agreement will be met; 2 demonstrates a full understanding of the context of the Ongoing Partnering Services; and 3 is deliverable and conducive to developing a long-term partnership with the Participants. <p>Tenderers should indicate within the relevant sections of their proposed Ongoing Partnering Services Method</p>	Territory Partnering Agreement, Schedule Part 3 (<i>Partnering Services</i>), Section 5A (<i>Partnering Services Method Statements – Ongoing Partnering Services</i>)	

Col. E1	Col. E2	Col. E3	Col. E4	Col. E5	Col. E6	Col. E7
Non-Price Evaluation Main Criteria and Weighting	Non-Price Evaluation Sub-Criteria	Non-Price Evaluation Sub-Criteria Weighting	Ref	Final Tender Submission Requirement	Location within Contract Documentation Suite	Location within Final Tender Submission (Tenderer to insert exact reference within document)
				Statements the linkages to their proposals on performance monitoring, measurement and KPI's.		
			E2.1.2	<p>The proposed Ongoing Partnering Services Method Statement should:</p> <ol style="list-style-type: none"> 1 describe the Tenderer's proposals for membership and support of the Territory Partnering Board; 2 explain how hubco will interface with Participants at a strategic level and with the TPB; and 3 contain decision-making and governance structures which reflect the terms of the Standard Form TPA. 	Territory Partnering Agreement, Schedule Part 3 (<i>Partnering Services</i>), Section 5A (<i>Partnering Services Method Statements – Ongoing Partnering Services</i>)	
			E2.1.3	<p>The proposed Ongoing Partnering Services Method Statement should describe the Tenderer's overall approach to the delivery of a long-term partnership, demonstrating how the proposals will ensure that:</p> <ol style="list-style-type: none"> 4 hubco develops and maintains a full understanding of Participant objectives in relation to the matters pertinent to Territory Partnering 	Territory Partnering Agreement, Schedule Part 3 (<i>Partnering Services</i>), Section 5A (<i>Partnering Services Method Statements – Ongoing Partnering Services</i>)	

Col. E1	Col. E2	Col. E3	Col. E4	Col. E5	Col. E6	Col. E7
Non-Price Evaluation Main Criteria and Weighting	Non-Price Evaluation Sub-Criteria	Non-Price Evaluation Sub-Criteria Weighting	Ref	Final Tender Submission Requirement	Location within Contract Documentation Suite	Location within Final Tender Submission (Tenderer to insert exact reference within document)
				<p>Agreement, including those matters identified to the Tenderers during competitive dialogue ;</p> <p>5 the objectives of hubco over time can reflect and adapt to those of Participants as they develop and evolve;</p> <p>6 hubco conducts itself in a manner that accords with the culture of the Participants and communities and other key stakeholders within and across the whole of the Territory and maximises stakeholder engagement; and</p> <p>7 hubco promotes joint working between Participants, including supporting the Participants in the identification, consideration and development of shared facilities wherever appropriate</p>		
			E2.1.4	The proposed Ongoing Partnering Services Method Statement should contain a methodology and process demonstrating how the Tenderer proposes hubco will support the Participants in identifying, managing and mitigating issues that affect the	Territory Partnering Agreement, Schedule Part 3 (<i>Partnering Services</i>), Section 5A (<i>Partnering Services Method Statements – Ongoing</i>	

Col. E1	Col. E2	Col. E3	Col. E4	Col. E5	Col. E6	Col. E7
Non-Price Evaluation Main Criteria and Weighting	Non-Price Evaluation Sub-Criteria	Non-Price Evaluation Sub-Criteria Weighting	Ref	Final Tender Submission Requirement	Location within Contract Documentation Suite	Location within Final Tender Submission (Tenderer to insert exact reference within document)
				<p>development and implementation of the Territory Delivery Plan.</p> <p>hubco's proposals should take account of the framework against which the Participants' plans and policies relating to Community Services (and the related facilities such as those detailed in the Territory Delivery Plan) will be developed and implemented, with reference to:</p> <ol style="list-style-type: none"> 1 service delivery; 2 capacity; 3 resources; 4 geographical issues; and 5 structure and management of the supply chain. <p>This should include:</p> <p>(c) how national and local policies, including local delivery plans, will be considered;</p> <p>(d) identifying possible means by which relationships could be developed with the wider community, stakeholders, and where appropriate,</p>	<p><i>Partnering Services)</i></p>	

Col. E1	Col. E2	Col. E3	Col. E4	Col. E5	Col. E6	Col. E7
Non-Price Evaluation Main Criteria and Weighting	Non-Price Evaluation Sub-Criteria	Non-Price Evaluation Sub-Criteria Weighting	Ref	Final Tender Submission Requirement	Location within Contract Documentation Suite	Location within Final Tender Submission (Tenderer to insert exact reference within document)
				<p>Community Planning Partnerships and how the best options would be selected and implemented for each of these on an ongoing basis; and</p> <p>(e) how the opportunity to include New Projects will be maximised.</p>		
	E2.2 Quality and robustness of proposals to manage, engage and contract with a supply chain suitable to provide Partnering Services and Project Services across the whole Territory	25%	E2.2.1	<p>The proposed Ongoing Partnering Services Method Statement should contain processes and methodologies demonstrating how the Tenderer proposes hubco will approach:</p> <p>1 initial selection and appointment and then ongoing management of a supply chain which comprises:</p> <p>(f) potential Partnering Subcontractors; and</p> <p>(g) potential Contractors and Service Providers (in relation to provision of Project Services) and potential consultants and subcontractors to such potential Contractors or Service Providers,</p>	Territory Partnering Agreement, Schedule Part 3 (<i>Partnering Services</i>), Section 5A (<i>Partnering Services Method Statements – Ongoing Partnering Services</i>)	

Col. E1	Col. E2	Col. E3	Col. E4	Col. E5	Col. E6	Col. E7
Non-Price Evaluation Main Criteria and Weighting	Non-Price Evaluation Sub-Criteria	Non-Price Evaluation Sub-Criteria Weighting	Ref	Final Tender Submission Requirement	Location within Contract Documentation Suite	Location within Final Tender Submission (Tenderer to insert exact reference within document)
				<p>(each a "Supply Chain Member");</p> <p>2 performance management arrangements for the Supply Chain Members including:</p> <p>(h) periodic review of the Supply Chain Members' performance;</p> <p>(i) how hubco will act on the results of such review; and</p> <p>(j) how hubco will ensure appropriate reporting on the results of such review and on hubco's response to it, to the TPB;</p> <p>3 periodic "refresh" as identified in paragraph 1.2.2(b)(iii)(1) of Section 1 (Specification) of Schedule Part 3 (Partnering Services) to the TPA;</p> <p>4 interim additions to the Supply Chain Members (between refresh periods).</p> <p>(k) Such processes and methodologies should:</p> <p>(l) be robust, transparent and auditable and be clearly timelined;</p>		

Col. E1	Col. E2	Col. E3	Col. E4	Col. E5	Col. E6	Col. E7
Non-Price Evaluation Main Criteria and Weighting	Non-Price Evaluation Sub-Criteria	Non-Price Evaluation Sub-Criteria Weighting	Ref	Final Tender Submission Requirement	Location within Contract Documentation Suite	Location within Final Tender Submission (Tenderer to insert exact reference within document)
				<p>(m) ensure that the supply chain remains competitive;</p> <p>(n) detail the selection process (including timescales) that will be undertaken for all Supply Chain Members that are yet to be confirmed and on each refresh or interim addition include selection criteria for long and short lists, minimum requirements, evaluation weightings and the like;</p> <p>(o) ensure that no candidates appropriate for inclusion are precluded from seeking membership of the supply chain over time;</p> <p>(p) maximise the potential for locally based contractors, consultants and SME's to be part of the supply chain at all tiers, depending on the nature of the potential New</p>		

Col. E1	Col. E2	Col. E3	Col. E4	Col. E5	Col. E6	Col. E7
Non-Price Evaluation Main Criteria and Weighting	Non-Price Evaluation Sub- Criteria	Non-Price Evaluation Sub-Criteria Weighting	Ref	Final Tender Submission Requirement	Location within Contract Documentation Suite	Location within Final Tender Submission (Tenderer to insert exact reference within document)
				<p>(q) Projects from time to time; ensure that the requirements of the Participants from time to time in relation to recruitment, training and development are understood and addressed;</p> <p>(r) ensure that the Participants, through hubco, have access to a supply chain that maximises opportunities for delivery of local benefits of the hub initiative within the Territory (for example through SME involvement) and which demonstrably delivers value for money throughout the term of the Territory Partnering Agreement; and</p> <p>(s) address any potential conflicts of interest that may arise in relation to</p>		

Col. E1	Col. E2	Col. E3	Col. E4	Col. E5	Col. E6	Col. E7
Non-Price Evaluation Main Criteria and Weighting	Non-Price Evaluation Sub- Criteria	Non-Price Evaluation Sub-Criteria Weighting	Ref	Final Tender Submission Requirement	Location within Contract Documentation Suite	Location within Final Tender Submission (Tenderer to insert exact reference within document)
				<p>the selection or management (including review, removal or replacement) of any Supply Chain Member or potential Supply Chain Member (as the case may be). This should include measures to be put in place to ensure that personnel appointed or provided by the PSDP are not involved in the vetting or selection of companies linked to the PSDP sponsors as potential Supply Chain Members or continuing Supply Chain Members.</p> <p>Tenderers should indicate within the relevant sections of their proposed Ongoing Partnering Services Method Statements the linkages to their proposals on performance monitoring, measurement and KPI's.</p>		
			E2.2.2	The proposed Ongoing Partnering Services Method Statement should detail the selection process undertaken	This will be used solely for the Non-Price Evaluation.	

Col. E1	Col. E2	Col. E3	Col. E4	Col. E5	Col. E6	Col. E7
Non-Price Evaluation Main Criteria and Weighting	Non-Price Evaluation Sub-Criteria	Non-Price Evaluation Sub-Criteria Weighting	Ref	Final Tender Submission Requirement	Location within Contract Documentation Suite	Location within Final Tender Submission (Tenderer to insert exact reference within document)
				for all Supply Chain Members that are confirmed, or proposed to be confirmed, at execution of the West hub Partnering Agreements, including selection criteria for long and short lists, minimum requirements, evaluation weightings, scoring and the like.		
			E2.2.3	<p>The proposed Ongoing Partnering Services Method Statement should demonstrate how the Tenderer's proposed approach will enable it to select, appoint and manage a supply chain with the ability to deliver value for money Partnering Services and Project Services (including where appropriate Facilities Management) to Participants:</p> <ol style="list-style-type: none"> 1 across the whole Territory; and 2 on the full range of project types, value, complexity and scope (D&B, DBFM, new build, remodelling and/or refurbishment, in all cases related to facilities involved in the provision of Community Services) which could fall within the scope of the Territory Partnering Agreement. This includes the potential for low value D&B or DBFM Projects. 	Territory Partnering Agreement, Schedule Part 3 (<i>Partnering Services</i>), Section 5A (<i>Partnering Services Method Statements – Ongoing Partnering Services</i>)	

Col. E1	Col. E2	Col. E3	Col. E4	Col. E5	Col. E6	Col. E7
Non-Price Evaluation Main Criteria and Weighting	Non-Price Evaluation Sub-Criteria	Non-Price Evaluation Sub-Criteria Weighting	Ref	Final Tender Submission Requirement	Location within Contract Documentation Suite	Location within Final Tender Submission (Tenderer to insert exact reference within document)
			E2.2.4	Where the Tenderer's proposals are such that Ongoing Partnering Services may be provided other than through hubco's own resources, the Ongoing Partnering Services Method Statement should detail how Supply Chain Members will be selected to provide such Ongoing Partnering Services.	Territory Partnering Agreement, Schedule Part 3 (<i>Partnering Services</i>), Section 5A (<i>Partnering Services Method Statements – Ongoing Partnering Services</i>)	
			E2.2.5	The Ongoing Partnering Services Method Statement should detail the manner in which performance of Supply Chain Members will be secured and integrated within the overall performance management and continuous improvement proposals. This should contain clear linkages to the Tenderer's KPI Schedule and the Initial Management Systems and be supported by draft framework supply chain agreements or similar evidence of deliverability.	Territory Partnering Agreement, Schedule Part 3 (<i>Partnering Services</i>), Section 5A (<i>Partnering Services Method Statements – Ongoing Partnering Services</i>)	
	E2.3 Quality and robustness of proposals for development, throughout the	20%	E2.3.1	Each Tenderer should provide a proposed Partnering Services Method Statement relating to the delivery of the Project Development Partnering Services (a " Project Development Partnering Services Method	Territory Partnering Agreement, Schedule Part 3 (<i>Partnering Services</i>), Section 5B (<i>Partnering Services Method Statements – Project</i>	

Col. E1	Col. E2	Col. E3	Col. E4	Col. E5	Col. E6	Col. E7
Non-Price Evaluation Main Criteria and Weighting	Non-Price Evaluation Sub-Criteria	Non-Price Evaluation Sub-Criteria Weighting	Ref	Final Tender Submission Requirement	Location within Contract Documentation Suite	Location within Final Tender Submission (Tenderer to insert exact reference within document)
	New Project Approval Process and delivery of New Projects			<p>Statement") which:</p> <ol style="list-style-type: none"> 1 is comprehensive and demonstrates that each of the Project Development Partnering Service requirements as set out in paragraph 1.1 (General Requirements) and paragraph 1.3 (Project Development Partnering Services) in Section 1 (Specification) of Schedule Part 3 (Partnering Services) of the Territory Partnering Agreement will be met; 2 demonstrates a full understanding of the context of the Project Development Partnering Services: <ol style="list-style-type: none"> (a) across the whole Territory; and (b) on the full range of project types, value, complexity and scope (D&B, DBFM, new build, remodelling and/or refurbishment, in all cases related to facilities involved in the provision of Community Services) which could fall within the scope of the 	<i>Development Partnering Services)</i>	

Col. E1	Col. E2	Col. E3	Col. E4	Col. E5	Col. E6	Col. E7
Non-Price Evaluation Main Criteria and Weighting	Non-Price Evaluation Sub-Criteria	Non-Price Evaluation Sub-Criteria Weighting	Ref	Final Tender Submission Requirement	Location within Contract Documentation Suite	Location within Final Tender Submission (Tenderer to insert exact reference within document)
				<p>Territory Partnering Agreement. This includes the potential for low value D&B or DBFM Projects.</p> <p>3 demonstrates how hubco will ensure it has a full understanding of the Relevant Participant(s)' needs in relation to the delivery of specific New Projects;</p> <p>4 demonstrates how hubco will ensure the requirements of law (including health and safety and CDM) are observed and complied with, with clear linkage to hubco's proposals in relation to the Health and Safety Manual and Quality Manual; and</p> <p>5 is deliverable and commensurate with developing a long-term partnership with the Participants.</p> <p>Tenderers should indicate within the relevant sections of their proposed Project Development Partnering Services Method Statements the linkages to their proposals on performance monitoring, measurement and KPI's.</p>		

Col. E1	Col. E2	Col. E3	Col. E4	Col. E5	Col. E6	Col. E7
Non-Price Evaluation Main Criteria and Weighting	Non-Price Evaluation Sub-Criteria	Non-Price Evaluation Sub-Criteria Weighting	Ref	Final Tender Submission Requirement	Location within Contract Documentation Suite	Location within Final Tender Submission (Tenderer to insert exact reference within document)
			E2.3.2	<p>The proposed Project Development Partnering Services Method Statement should detail how hubco would ensure collaborative working with the Participants and relevant stakeholders, including local communities, throughout the New Project Approval Process and the construction and, where applicable, operational periods of New Projects. This should include:</p> <ol style="list-style-type: none"> 1 how the requirements of the Relevant Participants are identified and fully incorporated in the development of New Projects; and 2 linkage to relevant sections of the Tenderer's proposed Initial Management System detailing the management and review processes that will be put in place by hubco to manage potential conflicts, delays and other issues at key stages during the New Project Approval Process and beyond. 	Territory Partnering Agreement, Schedule Part 3 (<i>Partnering Services</i>), Section 5B (<i>Partnering Services Method Statements – Project Development Partnering Services</i>)	
			E2.3.3	The proposed Project Development Partnering Method Statement should detail the project management arrangements hubco would implement	Territory Partnering Agreement, Schedule Part 3 (<i>Partnering Services</i>), Section 5B (<i>Partnering</i>	

Col. E1	Col. E2	Col. E3	Col. E4	Col. E5	Col. E6	Col. E7
Non-Price Evaluation Main Criteria and Weighting	Non-Price Evaluation Sub-Criteria	Non-Price Evaluation Sub-Criteria Weighting	Ref	Final Tender Submission Requirement	Location within Contract Documentation Suite	Location within Final Tender Submission (Tenderer to insert exact reference within document)
				<p>throughout the New Project Approval Process and beyond and how hubco will ensure these arrangements are implemented across the Territory. This shall include:</p> <ol style="list-style-type: none"> 1 the risk management protocol that would identify risks on each project, including the form of risk register; 2 how the risk register for each potential New Project will be structured and where the responsibility for managing and mitigating the identified risks lie at each stage of the New Project Approval Process and during construction and operation; 3 a description of the procedures to co-ordinate and manage the design process for New Projects and to interface with stakeholders; 4 proposed document management systems and verification procedures for design work; 5 detailed procedures for managing change control during design development; and 6 procedures for carrying out project 	<p><i>Services Statements – Method Development Partnering Services)</i></p>	

Col. E1	Col. E2	Col. E3	Col. E4	Col. E5	Col. E6	Col. E7
Non-Price Evaluation Main Criteria and Weighting	Non-Price Evaluation Sub-Criteria	Non-Price Evaluation Sub-Criteria Weighting	Ref	Final Tender Submission Requirement	Location within Contract Documentation Suite	Location within Final Tender Submission (Tenderer to insert exact reference within document)
				reviews and a programme for these.		
			E2.3.4	The proposed Project Development Partnering Method Statement should include a clear timeline demonstrating diagrammatically or by means of a flowchart how the Tenderer's proposals as to development of New Projects (including early development work, selection of Supply Chain Members and compliance with the provisions of the Territory Partnering Agreement which facilitate iterative processes on pricing including market testing) fit with the contractual processes and timescales outlined within Schedule Part 5 (<i>Approval Process for New Projects</i>) and Schedule Part 6 (<i>New Project Pricing Report</i>) of the Territory Partnering Agreement.	Territory Partnering Agreement, Schedule Part 3 (<i>Partnering Services</i>), Section 5B (<i>Partnering Services Method Statements – Project Development Partnering Services</i>)	
			E2.3.5	The proposed Project Development Partnering Method Statement should detail how hubco would: 1 facilitate adoption of design by the Contractor on Projects where design development has already been undertaken by, or on behalf	Territory Partnering Agreement, Schedule Part 3 (<i>Partnering Services</i>), Section 5B (<i>Partnering Services Method Statements – Project Development Partnering</i>	

Col. E1	Col. E2	Col. E3	Col. E4	Col. E5	Col. E6	Col. E7
Non-Price Evaluation Main Criteria and Weighting	Non-Price Evaluation Sub-Criteria	Non-Price Evaluation Sub-Criteria Weighting	Ref	Final Tender Submission Requirement	Location within Contract Documentation Suite	Location within Final Tender Submission (Tenderer to insert exact reference within document)
				<p>of, Participants giving due consideration to the potential impact of Hard and/or Soft FM services; and</p> <p>2 meet the requirements of the New Project Approval Process and Schedule Part 6 (New Project Pricing Report) of the Territory Partnering Agreement where revised requirements for a Stage 1 Submission and/or a Stage 2 Submission are notified by the Relevant Participants in a New Project Request, including where no Stage 1 process is required or where significant elements of the requirements set out for Stage 1 of Stage 2 of the New Project Approval Process have been carried out already. This should be demonstrated by clear timelines indicating periods saved from the standard process envisaged by Schedule Part 5 (Approval process for New Projects) of the TPA.</p> <p>This shall include:</p> <p>(a) process for management of due diligence to be</p>	Services)	

Col. E1	Col. E2	Col. E3	Col. E4	Col. E5	Col. E6	Col. E7
Non-Price Evaluation Main Criteria and Weighting	Non-Price Evaluation Sub- Criteria	Non-Price Evaluation Sub-Criteria Weighting	Ref	Final Tender Submission Requirement	Location within Contract Documentation Suite	Location within Final Tender Submission (Tenderer to insert exact reference within document)
				<p>undertaken so as to ensure full acceptance of design risk by the Project Service Provider on the terms of the Template Project Agreements (both D&B and DBFM);</p> <p>(b) the role and input required by Participants;</p> <p>(c) specific consideration of how funder due diligence and FM input into the design can be incorporated for DBFM Projects where the New Project is further developed at the time of the New Project Request; and</p> <p>(d) ensuring the approach is commensurate with the New Project Approval Process and the requirements of Schedule Part 6 (<i>New Project Pricing Report</i>) of the Territory Partnering Agreement).</p>		

Col. E1	Col. E2	Col. E3	Col. E4	Col. E5	Col. E6	Col. E7
Non-Price Evaluation Main Criteria and Weighting	Non-Price Evaluation Sub-Criteria	Non-Price Evaluation Sub-Criteria Weighting	Ref	Final Tender Submission Requirement	Location within Contract Documentation Suite	Location within Final Tender Submission (Tenderer to insert exact reference within document)
			E2.3.6	<p>The proposed Project Development Partnering Services Method Statement should identify how the Tenderer proposes hubco would assist Participants looking to procure New Projects which, individually, may be difficult to justify as a stand-alone DBFM on value for money grounds given a relatively low capital value or small scope of FM services. This should address:</p> <ol style="list-style-type: none"> 1 any "threshold/de minimis" levels below which such justification is likely to become problematic such as the costs associated with the raising of finance; 2 potential options that might be considered to assist in improving the value for money of revenue funded projects , indicating the pros and cons of each; 3 how the Tenderer's proposed approach to the review, updating and development of the Territory Delivery Plan and to the Ongoing Partnering Services, as set out in the proposed Ongoing Partnering Services Method Statement, will 	Territory Partnering Agreement, Schedule Part 3 (<i>Partnering Services</i>), Section 5B (<i>Partnering Services Method Statements – Project Development Partnering Services</i>)	

Col. E1	Col. E2	Col. E3	Col. E4	Col. E5	Col. E6	Col. E7
Non-Price Evaluation Main Criteria and Weighting	Non-Price Evaluation Sub-Criteria	Non-Price Evaluation Sub-Criteria Weighting	Ref	Final Tender Submission Requirement	Location within Contract Documentation Suite	Location within Final Tender Submission (Tenderer to insert exact reference within document)
				<p>allow hubco to best assist Participants in identifying, assessing and selecting potential opportunities to address any issues which may have been highlighted; and</p> <p>4 how the different (and potentially competing) needs of individual Participants (for example as to programme and/or services requirements) could be accommodated in any bundled or batched solution, including where each facility has a different Relevant Participant and therefore a lead Participant approach may not be appropriate.</p>		
			E2.3.7	<p>The proposed Project Development Partnering Method Statement should detail how hubco would identify who will take responsibility for meeting its CDM obligations, how the competency of CDM Co-ordinators will be assessed and how continuity of the CDM Co-ordinator will be achieved throughout the New Project Approval Process and in the transition between the New Project Approval Process and the</p>	<p>Territory Partnering Agreement, Schedule Part 3 (<i>Partnering Services</i>), Section 5B (<i>Partnering Services Method Statements – Project Development Partnering Services</i>)</p>	

Col. E1	Col. E2	Col. E3	Col. E4	Col. E5	Col. E6	Col. E7
Non-Price Evaluation Main Criteria and Weighting	Non-Price Evaluation Sub-Criteria	Non-Price Evaluation Sub-Criteria Weighting	Ref	Final Tender Submission Requirement	Location within Contract Documentation Suite	Location within Final Tender Submission (Tenderer to insert exact reference within document)
				construction phase.		
	E2.4 Quality and robustness of proposals for the selection of Contractors and Service Providers and their sub-contractors, consultants and suppliers on specific New Projects	15%	E2.4.1	<p>The proposed Project Development Partnering Method Statement should fully detail the proposed approach for hubco to select and engage Contractors and, where applicable, Service Providers and funders (and how subcontractors and consultants of such Contractors and Service Providers would be selected and engaged), from the Supply Chain Members or otherwise, on New Projects to ensure that the organisations selected are the most appropriate team for that particular type, size, complexity and location of project, having regard to all relevant factors including specific Relevant Participant requirements from time to time (such as maximising local community benefits).</p> <p>The Tenderers' proposals should include:</p> <ol style="list-style-type: none"> 1 what the Tenderer considers should be the minimum, or core, requirements for Contractors and, where applicable, Service Providers and funders (and the 	Territory Partnering Agreement, Schedule Part 3 (<i>Partnering Services</i>), Section 5B (<i>Partnering Services Method Statements – Project Development Partnering Services</i>)	

Col. E1	Col. E2	Col. E3	Col. E4	Col. E5	Col. E6	Col. E7
Non-Price Evaluation Main Criteria and Weighting	Non-Price Evaluation Sub-Criteria	Non-Price Evaluation Sub-Criteria Weighting	Ref	Final Tender Submission Requirement	Location within Contract Documentation Suite	Location within Final Tender Submission (Tenderer to insert exact reference within document)
				<p>subcontractors and consultants of such Contractors and Service Providers);</p> <p>2 their approach to ensuring the appointed organisations are integrated into the project team;</p> <p>3 a full consideration of the differences between D&B and DBFM Projects and the implications of those differences on their proposals as to said minimum, or core, requirements, timing of appointment and the like;</p> <p>4 a full consideration of the differences in size/value and complexity of projects, and the implications of those differences on their proposals as to said minimum, or core, requirements, timing of appointment and the like;</p> <p>5 the role of the Relevant Participant(s) in agreeing criteria for selection, shortlists for selection and/or the parties to be selected, and be demonstrated within the timeline discussed at E2.3.4 above.</p>		
			E2.4.2	Tenderers should indicate (with specific reference to their proposals on	Territory Partnering Agreement, Schedule Part	

Col. E1	Col. E2	Col. E3	Col. E4	Col. E5	Col. E6	Col. E7
Non-Price Evaluation Main Criteria and Weighting	Non-Price Evaluation Sub-Criteria	Non-Price Evaluation Sub-Criteria Weighting	Ref	Final Tender Submission Requirement	Location within Contract Documentation Suite	Location within Final Tender Submission (Tenderer to insert exact reference within document)
				<p>performance monitoring, performance measurement and KPI's) how their proposals have resolved the tensions between:</p> <ol style="list-style-type: none"> 1 drivers to maximise the potential benefits of long-term repeat working with an identified pool of Supply Chain Members, thereby ensuring continuous improvement in collaborative working; and 2 the requirement to maintain sufficient flexibility to ensure the most appropriate team are selected for each New Project (having regard to all relevant factors including project size/value and complexity , the need to maximise community benefit and specific Relevant Participant requirements from time to time). 	3 (<i>Partnering Services</i>), Section 5B (<i>Partnering Services Method Statements – Project Development Partnering Services</i>)	
	E2.5 Quality and robustness of proposals for consideration and implementation of	5%	E2.5.1	<p>The proposed Project Development Partnering Method Statement should demonstrate a commitment to sustainability and to meeting Relevant Participants' specific requirements as to sustainability from time to time.</p> <p>This shall include:</p>	Territory Partnering Agreement, Schedule Part 3 (<i>Partnering Services</i>), Section 5B (<i>Partnering Services Method Statements – Project Development Partnering</i>	

Col. E1	Col. E2	Col. E3	Col. E4	Col. E5	Col. E6	Col. E7
Non-Price Evaluation Main Criteria and Weighting	Non-Price Evaluation Sub-Criteria	Non-Price Evaluation Sub-Criteria Weighting	Ref	Final Tender Submission Requirement	Location within Contract Documentation Suite	Location within Final Tender Submission (Tenderer to insert exact reference within document)
	Sustainability on New Projects			<ol style="list-style-type: none"> 1 hubco's approach to the use of alternative or emerging technologies and methods; 2 hubco's approach to the use of sustainable materials and the use of recycled / recovered materials; 3 hubco's approach to the reduction and recovery to construction waste; 4 how hubco will address any specific issues identified to it during dialogue; and 5 how hubco would ensure that sustainability is taken into consideration on any New Projects in line with Legislation, Guidance, the Relevant Participant(s)' specific requirements and the hubco environmental policy. 	Services)	
	E2.6 Quality and robustness of proposals for consideration and implementation of whole life cost issues on New Projects	10%	E2.6.1	<p>The proposed Project Development Partnering Method Statement should demonstrate how hubco will consider, and incorporate, measures to reflect the implications of lifecycle and whole-life costs on the design development of New Projects.</p> <p>This shall detail how FM input (Hard and Soft as necessary and including input of Participants' own FM providers) in</p>	Territory Partnering Agreement, Schedule Part 3 (<i>Partnering Services</i>), Section 5B (<i>Partnering Services Method Statements – Project Development Partnering Services</i>)	

Col. E1	Col. E2	Col. E3	Col. E4	Col. E5	Col. E6	Col. E7
Non-Price Evaluation Main Criteria and Weighting	Non-Price Evaluation Sub-Criteria	Non-Price Evaluation Sub-Criteria Weighting	Ref	Final Tender Submission Requirement	Location within Contract Documentation Suite	Location within Final Tender Submission (Tenderer to insert exact reference within document)
				<p>relation to the design, specification and pricing of New Projects will be secured:</p> <ol style="list-style-type: none"> 1 on DBFM projects, in advance of any FM contractor selection and throughout the design and construction process; and 2 on D&B projects throughout the design and construction process. 		
	E2.7 Quality and robustness of approach to providing Strategic Services across the Territory.	5%	E2.7.1	<p>Each Tenderer should provide a proposed Partnering Services Method Statement relating to the delivery of the Strategic Support Partnering Services (a "Strategic Support Partnering Services Method Statement") which:</p> <ol style="list-style-type: none"> 1 is comprehensive and demonstrates that each of the Strategic Support Partnering Service requirements as set out in paragraph 1.1 (General Requirements) and paragraph 1.4 (Strategic Support Partnering Services) in Section 1 (Specification) of Schedule Part 3 (Partnering Services) of the Territory Partnering Agreement will be met; 2 demonstrates a full understanding 	Territory Partnering Agreement, Schedule Part 3 (<i>Partnering Services</i>), Section 5C (<i>Partnering Services Method Statements – Strategic Support Partnering Services</i>)	

Col. E1	Col. E2	Col. E3	Col. E4	Col. E5	Col. E6	Col. E7
Non-Price Evaluation Main Criteria and Weighting	Non-Price Evaluation Sub-Criteria	Non-Price Evaluation Sub-Criteria Weighting	Ref	Final Tender Submission Requirement	Location within Contract Documentation Suite	Location within Final Tender Submission (Tenderer to insert exact reference within document)
				<p>of the context of the Strategic Support Partnering Services and clearly delineates the distinction between such services and the general obligations and activities of hubco as listed under paragraph 2 of Schedule Part 5 (Approval Process for New Projects) of the TPA;</p> <p>3 demonstrates how hubco will ensure it has a full understanding of the Participants' respective needs in relation to the provision of Strategic Support Partnering Services; and</p> <p>4 explains the potential benefits of these services to Participants.</p>		
E3 Key Performance Indicators and Continuous Improvement 10%	E3.1 Quality and robustness of proposals to measure performance and review contractual compliance	35%	E3.1.1	Each Tenderer should provide a proposed document for inclusion in Section 3 (<i>Performance Measurement</i>) of Schedule Part 3 (<i>Partnering Services</i>) of the Territory Partnering Agreement developed from Appendix D of this Invitation to Participate in Dialogue (" KPI Schedule ") which contains a comprehensive, transparent and deliverable performance measurement system covering the whole range of	Territory Partnering Agreement, Schedule Part 3 (<i>Partnering Services</i>), Section 3 (<i>Performance Measurement</i>)	

Col. E1	Col. E2	Col. E3	Col. E4	Col. E5	Col. E6	Col. E7
Non-Price Evaluation Main Criteria and Weighting	Non-Price Evaluation Sub-Criteria	Non-Price Evaluation Sub-Criteria Weighting	Ref	Final Tender Submission Requirement	Location within Contract Documentation Suite	Location within Final Tender Submission (Tenderer to insert exact reference within document)
				<p>hubco's activities (including those of the Supply Chain Members) and obligations arising from the Territory Partnering Agreement.</p> <p>The performance measurement system should:</p> <ol style="list-style-type: none"> 1 set out in detail the procedures for monitoring and measuring hubco's performance against all relevant Key Performance Indicators (including, where relevant continuous improvement targets); 2 be practical to use; 3 enable hubco to identify on a regular basis areas requiring remedial action and identify by linkages to the Initial Management Systems hubco's procedures for doing so; and 4 clearly and accurately link performance of hubco to the Territory Partnering Agreement provisions relative to the Track Record Test and Significant Performance Failures. <p>It should, as a minimum, include:</p> <ol style="list-style-type: none"> (a) testing frequency, to the 		

Col. E1	Col. E2	Col. E3	Col. E4	Col. E5	Col. E6	Col. E7
Non-Price Evaluation Main Criteria and Weighting	Non-Price Evaluation Sub-Criteria	Non-Price Evaluation Sub-Criteria Weighting	Ref	Final Tender Submission Requirement	Location within Contract Documentation Suite	Location within Final Tender Submission (Tenderer to insert exact reference within document)
				<p>(b) extent not already provided in the guidance; monitoring period, if this is not already set out in the guidance; and</p> <p>(c) reporting frequency.</p>		
			E3.1.2	<p>The KPI Schedule must confirm that the Tenderer accepts the Territory's minimum requirements as to Track Record Test and Significant Performance Failure criteria and thresholds as set out in Appendix D to the Invitation to Participant in Dialogue and should set out where the Tenderer proposes more stringent criteria and/or thresholds.</p> <p>The template KPI Schedule (as set out in Appendix D to the Invitation to Participant in Dialogue) provides the basis for the Key Performance Indicators section of the Performance Measurement system but the Tenderer may adapt the format to suit their specific requirements provided they maintain the minimum requested information. All, if any bidder amendments to the template KPI schedule should be tracked changed,</p>	Territory Partnering Agreement, Schedule Part 3 (<i>Partnering Services</i>), Section 3 (<i>Performance Measurement</i>)	

Col. E1	Col. E2	Col. E3	Col. E4	Col. E5	Col. E6	Col. E7
Non-Price Evaluation Main Criteria and Weighting	Non-Price Evaluation Sub-Criteria	Non-Price Evaluation Sub-Criteria Weighting	Ref	Final Tender Submission Requirement	Location within Contract Documentation Suite	Location within Final Tender Submission (Tenderer to insert exact reference within document)
				<p>with additional KPI's added to the end of the schedule.</p> <p>To the extent that further Key Performance Indicator criteria and/or thresholds relating to Significant Performance Failures and/or the Track Record Test are proposed by the Tenderer, the Tenderer must ensure that that these are:</p> <ol style="list-style-type: none"> 1 specific; 2 measurable; 3 achievable and/or ambitious; 4 time-based; 5 effective and/or geared towards achieving excellence; and 6 practical to use, <p>and do not dilute the position contained in or alter the interpretation of the Territory's minimum requirements.</p>		
			E3.1.3	<p>The KPI Schedule should include full methodologies in sufficient detail to allow a full assessment by the Territory of the robustness of the Tenderer's proposals, including:</p> <ol style="list-style-type: none"> 1 data that will be used for the assessment of hubco's 	<p>Territory Partnering Agreement, Schedule Part 3 (<i>Partnering Services</i>), Section 3 (<i>Performance Measurement</i>)</p>	

Col. E1	Col. E2	Col. E3	Col. E4	Col. E5	Col. E6	Col. E7
Non-Price Evaluation Main Criteria and Weighting	Non-Price Evaluation Sub-Criteria	Non-Price Evaluation Sub-Criteria Weighting	Ref	Final Tender Submission Requirement	Location within Contract Documentation Suite	Location within Final Tender Submission (Tenderer to insert exact reference within document)
				<p>performance against the Key Performance Indicators (including any sources of benchmark data);</p> <p>2 relevant examples of customer surveys where these are to be used for KPI measurement; and</p> <p>3 a procedure to monitor information relating to customer perception as to whether hubco has fulfilled the range of Partnering Services or Project Services required by the Participants,</p> <p>and contain or include reference to, supporting narrative which provides adequate context and application that the completed KPI Schedule can be understood without any prior background knowledge.</p>		
	E3.2 Quality and robustness of proposals to deliver continuous improvement across the hub Territory in relation to	35%	E3.2.1	The KPI Schedule must indicate the Tenderer's acceptance of the Territory's minimum requirements as to continuous improvement targets in relation to the provision of the Ongoing Partnering Services as set out in Appendix D to the Invitation to Participate in Dialogue and set out where the Tenderer proposes more stringent targets should contain	Territory Partnering Agreement, Schedule Part 3 (<i>Partnering Services</i>), Section 3 (<i>Performance Measurement</i>)	

Col. E1	Col. E2	Col. E3	Col. E4	Col. E5	Col. E6	Col. E7
Non-Price Evaluation Main Criteria and Weighting	Non-Price Evaluation Sub-Criteria	Non-Price Evaluation Sub-Criteria Weighting	Ref	Final Tender Submission Requirement	Location within Contract Documentation Suite	Location within Final Tender Submission (Tenderer to insert exact reference within document)
	provision of the Ongoing Partnering Services			<p>objective measurable targets for delivering continuous improvement in the provision of Ongoing Partnering Services.</p> <p>This shall include full methodologies for delivering continuous improvement and procedures for monitoring and measuring performance against the Key Performance Indicators and, as necessary, other indicators to ensure conformity and to achieve continuous improvement.</p>		
			E3.2.2	The Ongoing Partnering Services Method Statement shall describe how hubco will review best practice processes and procedures, whether from its supply chain partners, as developments from New Projects, from liaising with Participants or from other sources, to continually improve the performance of hubco and delivery of the Ongoing Partnering Services.	Territory Partnering Agreement, Schedule Part 3 (<i>Partnering Services</i>), Section 5A (<i>Partnering Services Method Statements – Ongoing Partnering Services</i>)	
	E3.3 Quality and robustness of proposals to deliver	30%	E3.3.1	The KPI Schedule must indicate the Tenderer's acceptance of the Territory's minimum requirements as to continuous improvement targets in relation to the provision of the Project Development	Territory Partnering Agreement, Schedule Part 3 (<i>Partnering Services</i>), Section 3 (<i>Performance</i>	

Col. E1	Col. E2	Col. E3	Col. E4	Col. E5	Col. E6	Col. E7
Non-Price Evaluation Main Criteria and Weighting	Non-Price Evaluation Sub-Criteria	Non-Price Evaluation Sub-Criteria Weighting	Ref	Final Tender Submission Requirement	Location within Contract Documentation Suite	Location within Final Tender Submission (Tenderer to insert exact reference within document)
	continuous improvement across the hub Territory in relation to Project Development Partnering Services			<p>Partnering Services as set out in Appendix D to the Invitation to Participate in Dialogue and set out where the Tenderer proposes more stringent targets.</p> <p>This shall include full methodologies for delivering continuous improvement and procedures for monitoring and measuring performance against the Key Performance Indicators and, as necessary, other indicators to ensure conformity and to achieve continuous improvement.</p>	<i>Measurement)</i>	
			E3.3.2	The Project Development Partnering Services Method Statement shall describe how hubco will review best practice processes and procedures, whether from its supply chain partners, as developments from New Projects, from liaising with Participants or from other sources, to continually improve the performance of hubco and delivery of the Project Development Partnering Services.	Territory Partnering Agreement, Schedule Part 3 (<i>Partnering Services</i>), Section 5B (<i>Partnering Services Method Statements – Project Development Partnering Services</i>)	
			E3.3.3	The proposed Project Development Partnering Method Statement should demonstrate how hubco will ensure	Territory Partnering Agreement, Schedule Part 3 (<i>Partnering Services</i>),	

Col. E1	Col. E2	Col. E3	Col. E4	Col. E5	Col. E6	Col. E7
Non-Price Evaluation Main Criteria and Weighting	Non-Price Evaluation Sub-Criteria	Non-Price Evaluation Sub-Criteria Weighting	Ref	Final Tender Submission Requirement	Location within Contract Documentation Suite	Location within Final Tender Submission (Tenderer to insert exact reference within document)
				<p>Relevant Participant requirements are met or exceeded in relation to quality in terms of:</p> <ol style="list-style-type: none"> 1 design (including whole life cost of design); 2 construction; and 3 operation. <p>This should include:</p> <ol style="list-style-type: none"> (a) use of design toolkits; (b) approach to innovation; and (c) interaction between services in multi-user facilities, and (d) contain clear linkages to the Tenderer's proposals on KPIs in the KPI Schedule. 	<p>Section 5B (<i>Partnering Services Method Statements – Project Development Partnering Services</i>)</p>	

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APPENDIX H: QUALITATIVE PRICE EVALUATION MATRIX

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QUALITATIVE PRICE EVALUATION MATRIX

Introduction

The Qualitative Price Evaluation shall be carried out in accordance with the methodology contained in paragraph 6.5.5(d) of this Invitation to Participate in Dialogue. (. The evaluation of the quality and robustness of Tenderer's proposals against each Qualitative Price Evaluation Sub-Criteria will include a requirement to assess the extent to which the proposals:

1. are clear and transparent and are consistent with all other elements of the Tenderer’s Final Tender Submission,
2. are consistent with the Final Territory Partnering Agreement, the Final Shareholders Agreement; and the Participants’ stated objectives as set out in the Territory Delivery Plan; and
3. reflect the relevant Final Tender Submission Requirements in Column E5.

A score for each Qualitative Price Evaluation Sub-Criterion will be arrived at on considering, in the round, each of the Final Tender Submission Requirements listed against that Qualitative Price Evaluation Sub-Criterion.

SUMMARY QUALITATIVE PRICE EVALUATION MATRIX

Col. E1	Col. E2	Col. E3
Qualitative Price Evaluation Criteria Main and Weighting	Qualitative Price Evaluation Sub- Criteria	Qualitative Price Evaluation Sub-Criteria Weighting
E4 Approach to costing and value for money 20%	E4.1 High quality, robust proposals for developing costs and delivering value for money in a clear and transparent manner in relation to New Projects	50%
	E4.2 Quality and robustness of proposals for financial aspects of DBFM New Projects	25%
	E4.3 Quality and robustness of proposals for the financial management of hubco including the raising of finance for working capital	25%

QUALITATIVE PRICE EVALUATION MATRIX

Col. E1	Col. E2	Col. E3	Col. E4	Col. E5	Col. E6	Col. E7
Qualitative Price Evaluation Main Criteria and Weighting	Qualitative Price Evaluation Sub- Criteria	Qualitative Price Evaluation Sub-Criteria Weighting	Ref	Final Tender Submission Requirement	Location within Contract Document Suite	Location within Final Tender Submission (Tenderer to insert exact reference within document)
<p>E4</p> <p>Approach to costing and value for money</p> <p>20%</p>	<p>E4.1 High quality, robust proposals for developing costs and delivering value for money in a clear and transparent manner in relation to New Projects</p>	<p>50%</p>	<p>E4.1.1</p>	<p>The proposed Project Development Partnering Services Method Statement should precisely detail how hubco will ensure and demonstrate value for money in the development and delivery of New Projects. The Tenderer's proposals should clearly link to the processes contained within Schedule Part 5 (<i>New Project Approval Process</i>) and Schedule Part 6 (<i>New Project Pricing Report</i>) of the Territory Partnering Agreement (including template Pricing Reports and value for money assessments as referred to therein).</p> <p>The Tenderer's proposals should show full consideration has been given to the implications of differences across the full range of project types, value (including the potential for very low value D&B or DBFM Projects), complexity and scope (D&B, DBFM, new build, remodelling and/or refurbishment, in all cases related to facilities involved in the</p>	<p>Territory Partnering Agreement, Schedule Part 3 (<i>Partnering Services</i>), Section 5B (<i>Partnering Services Method Statements – Project Development Partnering Services</i>)</p>	

Col. E1	Col. E2	Col. E3	Col. E4	Col. E5	Col. E6	Col. E7
Qualitative Price Evaluation Main Criteria and Weighting	Qualitative Price Evaluation Sub- Criteria	Qualitative Price Evaluation Sub- Criteria Weighting	Ref	Final Tender Submission Requirement	Location within Contract Document Suite	Location within Final Tender Submission (Tenderer to insert exact reference within document)
				<p>provision of Community Services) which could fall within the scope of the Territory Partnering Agreement.</p> <p>Tenderers are expected to demonstrate how the knowledge and experience of Supply Chain Members will be used to develop facilities which demonstrate best practice in terms of space utilisation and the proposals must show how these benefits will be measured in terms of cost.</p>		
			E4.1.2	<p>The proposed Project Development Partnering Services Method Statement should indicate how pricing for risk will be taken into account in the preparation of the Pricing Reports through each stage of the New Project Approval Process for each New Project. These proposals should be developed by reference to the Tenderer's submission in relation to risk in Proforma 2 of Appendix 1 to this Invitation to Participant in Dialogue.</p> <p>The methodology shall identify:</p> <p>1 the process for identification,</p>	<p>Territory Partnering Agreement, Schedule Part 3 (<i>Partnering Services</i>), Section 5B (<i>Partnering Services Method Statements – Project Development Partnering Services</i>)</p>	

Col. E1	Col. E2	Col. E3	Col. E4	Col. E5	Col. E6	Col. E7
Qualitative Price Evaluation Main Criteria and Weighting	Qualitative Price Evaluation Sub- Criteria	Qualitative Price Evaluation Sub- Criteria Weighting	Ref	Final Tender Submission Requirement	Location within Contract Document Suite	Location within Final Tender Submission (Tenderer to insert exact reference within document)
				<p>assessment, ownership and management of risks from receipt of New Project Request through Stage 1 and Stage 2;</p> <p>2 the approach to considering risk allowance when assessing the adequacy of the proposed Affordability Cap on receipt of New Project Requests;</p> <p>3 the approach for quantification and costing of risks to clearly provide transparency as to where risks sit within the supply chain and ensure no double counting</p> <p>4 how the risk allowance (including a break down as to construction risks (non site specific), site specific risks and planning and other construction risks) which the Tenderer will be targeting to achieve at the end of Stage 1;</p> <p>5 how the risk allowance identified at the end of Stage 1 will be reduced and firmed up to fixed prices during Stage 2;</p> <p>6 how the risk allowance on New Projects will be kept within the</p>		

Col. E1	Col. E2	Col. E3	Col. E4	Col. E5	Col. E6	Col. E7
Qualitative Price Evaluation Main Criteria and Weighting	Qualitative Price Evaluation Sub- Criteria	Qualitative Price Evaluation Sub- Criteria Weighting	Ref	Final Tender Submission Requirement	Location within Contract Document Suite	Location within Final Tender Submission (Tenderer to insert exact reference within document)
				<p>capped level as identified within proforma 2 for the relevant Comparator; and</p> <p>7 the maximum level of risk allowance that will be allowed on a per package basis at the end of Stage 2, such allowance being contained within the Risk section included within the Tenderer's Final Tender Submission for Proforma 2 of Appendix I to the Invitation to Participate in Dialogue.</p>		
			E4.1.3	<p>Tenderers should refer to the matrices in Appendix N of the Invitation to Participate In Dialogue which provide an illustration as to the adjustments which the Territory is anticipating Tenderers will develop as part of their method statement. These matrices also identify the Territory's preferred structure and method of presentation of the permitted adjustments. These documents should be developed by the Tenderers.</p> <p>The proposed Project Development Partnering Method Statement should contain detailed proposals as to how the Tenderer proposes hubco will identify,</p>	<p>Territory Partnering Agreement, Schedule Part 4 (<i>Partnering Services Costs</i>), Appendix 1 (<i>Pricing Data</i>)</p> <p>Territory Partnering Agreement, Schedule Part 3 (<i>Partnering Services</i>), Section 5B (<i>Partnering Services Method Statements – Project Development Partnering Services</i>)</p>	

Col. E1	Col. E2	Col. E3	Col. E4	Col. E5	Col. E6	Col. E7
Qualitative Price Evaluation Main Criteria and Weighting	Qualitative Price Evaluation Sub- Criteria	Qualitative Price Evaluation Sub- Criteria Weighting	Ref	Final Tender Submission Requirement	Location within Contract Document Suite	Location within Final Tender Submission (Tenderer to insert exact reference within document)
				<p>agree with the Relevant Participants and implement adjustments to Comparators from the Pricing Data on New Projects in respect of each of the factors specified at paragraphs 2.2 and 2.3 of Appendix 1 (<i>Pricing Data</i>) to Schedule Part 4 (<i>Partnering Services Costs</i>) of the Territory Partnering Agreement, with reference to the matrices and the relevant sections of the Project Development Method Statement that they have developed in respect of the adjustments.</p> <p>This should include:</p> <ol style="list-style-type: none"> 1 worked examples for each of such adjustment factors showing precisely how the Pricing Data would be adjusted on New Projects to identify the Comparators, (these should be include any scenarios which the Territory confirm to the Tenderers during dialogue); and 2 clear confirmation as to which elements of the Prime and Non 		

Col. E1	Col. E2	Col. E3	Col. E4	Col. E5	Col. E6	Col. E7
Qualitative Price Evaluation Main Criteria and Weighting	Qualitative Price Evaluation Sub- Criteria	Qualitative Price Evaluation Sub- Criteria Weighting	Ref	Final Tender Submission Requirement	Location within Contract Document Suite	Location within Final Tender Submission (Tenderer to insert exact reference within document)
				<p>Prime costs will be subject to adjustment for each such adjustment factor to the extent narrower than the information provide within the matrices forming part of the Pricing Data.</p> <p>Detail shall be provided as to how any continuous improvement targets set out in the Tenderer's proposed KPI Schedule (as updated from time to time in accordance with the Territory Partnering Agreement) will be factored into proposals under Part 5 (<i>Approval Process for New Projects</i>) and Part 6 (<i>New Project Pricing Report</i>) of the Territory Partnering Agreement in relation to the Project Development Fee and other elements of the costs of New Projects.</p>		
			E4.1.4	<p>The proposed Project Development Partnering Services Method Statement should detail the processes which will be implemented to deliver New Projects within the Comparator (as adjusted) price cap levels (and where no Comparator exists, appropriate benchmark levels) at both Stage 1 and</p>	<p>Territory Partnering Agreement, Schedule Part 3 (<i>Partnering Services</i>), Section 5B (<i>Partnering Services Method Statements – Project Development Partnering</i>)</p>	

Col. E1	Col. E2	Col. E3	Col. E4	Col. E5	Col. E6	Col. E7
Qualitative Price Evaluation Main Criteria and Weighting	Qualitative Price Evaluation Sub- Criteria	Qualitative Price Evaluation Sub- Criteria Weighting	Ref	Final Tender Submission Requirement	Location within Contract Document Suite	Location within Final Tender Submission (Tenderer to insert exact reference within document)
				<p>Stage 2 of the New Project Approval Process and shall identify how best value will be secured from the Supply Chain Members (assuming no Market Testing).</p> <p>This should include:</p> <ol style="list-style-type: none"> 1 how hubco will secure costs (from the Supply Chain Members or otherwise) which improve upon the Comparator price caps and are clearly competitive rates in the general market; 2 how their proposals have resolved the tensions between: <ol style="list-style-type: none"> (a) drivers to maximise the potential benefits of long-term repeat working with an identified pool of Supply Chain Members, thereby ensuring continuous improvement in collaborative working; and (b) the requirement to maintain sufficient flexibility to ensure the 	Services)	

Col. E1	Col. E2	Col. E3	Col. E4	Col. E5	Col. E6	Col. E7
Qualitative Price Evaluation Main Criteria and Weighting	Qualitative Price Evaluation Sub- Criteria	Qualitative Price Evaluation Sub- Criteria Weighting	Ref	Final Tender Submission Requirement	Location within Contract Document Suite	Location within Final Tender Submission (Tenderer to insert exact reference within document)
				<p>most appropriate team are selected for each New Project (having regard to all relevant factors including project size/value and complexity, the need to maximise local community benefit and specific Relevant Participant requirements from time to time).</p> <p>3 details of the protocols which will be implemented to enable economies of scale to be secured from the creation of a future pipeline of projects. Specific reference should be made to agreements with supply chain members in respect of discounts and value efficiencies which will be of benefit to the Participants;</p> <p>4 how continuous improvement targets contained within Tenderer's proposed KPI Schedule (as updated from time to time in accordance with the Territory Partnering Agreement) will be</p>		

Col. E1	Col. E2	Col. E3	Col. E4	Col. E5	Col. E6	Col. E7
Qualitative Price Evaluation Main Criteria and Weighting	Qualitative Price Evaluation Sub- Criteria	Qualitative Price Evaluation Sub- Criteria Weighting	Ref	Final Tender Submission Requirement	Location within Contract Document Suite	Location within Final Tender Submission (Tenderer to insert exact reference within document)
				<p>factored in to the Tenderer's proposals for demonstrating value for money and continuous improvement in value for money; and</p> <p>5 the methods which will be implemented to continuously improve upon the competitive level of pricing whilst maintaining quality.</p>		
			E4.1.5	<p>The proposed Project Development Partnering Services Method Statement should set out the Tenderer's approach to meet the requirements of the New Project Approval Process and Schedule Part 6 (<i>New Project Pricing Report</i>) where there is a lack of comparable market information or information within the Pricing Data for benchmarking purposes. This should include specific proposals as to delivering on the Territory requirements as to open-book pricing and in relation to competitive tendering within the supply chain.</p> <p>The timing implications of these processes and proposals should be clearly indicated within the timeline</p>	<p>Territory Partnering Agreement, Schedule Part 3 (<i>Partnering Services</i>), Section 5B (<i>Partnering Services Method Statements – Project Development Partnering Services</i>)</p>	

Col. E1	Col. E2	Col. E3	Col. E4	Col. E5	Col. E6	Col. E7
Qualitative Price Evaluation Main Criteria and Weighting	Qualitative Price Evaluation Sub- Criteria	Qualitative Price Evaluation Sub- Criteria Weighting	Ref	Final Tender Submission Requirement	Location within Contract Document Suite	Location within Final Tender Submission (Tenderer to insert exact reference within document)
				discussed at E2.3.4 above.		
			E4.1.6	<p>The proposed Project Development Partnering Services Method Statement should set out the Tenderer's approach to meet the requirements of the New Project Approval Process and Schedule Part 6 (<i>New Project Pricing Report</i>) where Market Testing is required.</p> <p>The timing implications of these processes and proposals should be clearly indicated within the timeline discussed at E2.3.4 above.</p>	Territory Partnering Agreement, Schedule Part 3 (<i>Partnering Services</i>), Section 5B (<i>Partnering Services Method Statements – Project Development Partnering Services</i>)	
			E4.1.7	<p>In relation to Facilities Management services and outputs where these are to form part of the Project Services, the proposed Project Development Partnering Services Method Statement should specifically identify:</p> <ol style="list-style-type: none"> 1 the strategy which will be adopted to deliver an efficient and cost effective Facilities Management service, whether hard or soft FM; 2 the methods by which the Facilities 	Territory Partnering Agreement, Schedule Part 3 (<i>Partnering Services</i>), Section 5B (<i>Partnering Services Method Statements – Project Development Partnering Services</i>)	

Col. E1	Col. E2	Col. E3	Col. E4	Col. E5	Col. E6	Col. E7
Qualitative Price Evaluation Main Criteria and Weighting	Qualitative Price Evaluation Sub- Criteria	Qualitative Price Evaluation Sub- Criteria Weighting	Ref	Final Tender Submission Requirement	Location within Contract Document Suite	Location within Final Tender Submission (Tenderer to insert exact reference within document)
				<p>Management service will be procured and managed by hubco (both hard and soft);</p> <p>3 the means by which hubco will demonstrate that Facilities Management services being provided by Project Service Providers is value for money;</p> <p>4 the economies of scale which will be achieved as the number of operational DBFM/FM contracts being managed by hubco increases. Clear thresholds should be proposed relating to the potential to step down operational DBFM/FM management costs as the optimum level of activity is achieved;</p> <p>5 how the optimum balance between build quality, FM and life cycle costs will be achieved when developing capital funded facilities and revenue funded facilities and how this will be demonstrated; and</p> <p>6 how the quality of facilities management service provision will be maintained across the Territory</p>		

Col. E1	Col. E2	Col. E3	Col. E4	Col. E5	Col. E6	Col. E7
Qualitative Price Evaluation Main Criteria and Weighting	Qualitative Price Evaluation Sub- Criteria	Qualitative Price Evaluation Sub- Criteria Weighting	Ref	Final Tender Submission Requirement	Location within Contract Document Suite	Location within Final Tender Submission (Tenderer to insert exact reference within document)
				and the means by which the sustainability credentials of the various facilities will be maintained		
			E4.1.8	The proposed Project Development Partnering Services Method Statement should indicate, with reference to the Tenderer's proposals in the KPI Schedule, the proposed Business Plan or otherwise, the Tenderer's proposals as to reduction of or improvement over time in value for money in relation to the hubco portion of the Project Development Fee.	Territory Partnering Agreement, Schedule Part 3 (<i>Partnering Services</i>), Section 5B (<i>Partnering Services Method Statements – Project Development Partnering Services</i>)	
			E4.1.9	The proposed Project Development Partnering Services Method Statement should demonstrate how continuous improvement targets contained within the Tenderer's proposed KPI Schedule (as updated from time to time in accordance with the Territory Partnering Agreement) or the Tenderer's proposals will be factored in to hubco's approach to: 1 reviewing the rates and prices set out in Section 4 (<i>Partnering Services Costs Rates</i>) of Schedule	Territory Partnering Agreement, Schedule Part 3 (<i>Partnering Services</i>), Section 5B (<i>Partnering Services Method Statements – Project Development Partnering Services</i>)	

Col. E1	Col. E2	Col. E3	Col. E4	Col. E5	Col. E6	Col. E7
Qualitative Price Evaluation Main Criteria and Weighting	Qualitative Price Evaluation Sub- Criteria	Qualitative Price Evaluation Sub- Criteria Weighting	Ref	Final Tender Submission Requirement	Location within Contract Document Suite	Location within Final Tender Submission (Tenderer to insert exact reference within document)
				Part 3 (Partnering Services) of the Territory Partnering Agreement; and 2 demonstrating value for money and continuous improvement in value for money.		
	E4.2 Quality and robustness of proposals for financial aspects of DBFM New Projects	25%	E4.2.1	The proposed Project Development Partnering Services Method Statement should detail the Tenderer's proposed hubco funding strategy for privately financed (DBFM) projects where there will be a requirement for external funding (senior debt, junior debt or facilities for working capital, etc.). This should include: 1 approach to setting levels of return to be sought by hubco through both subordinated debt coupon levels and target internal rates of return (IRRs) for both equity and on a blended equity and subordinated debt basis which is consistent with the Blended Equity IRR provided within Proforma 3 of the Tenderer's Quantitative Price Submission; 2 current estimate of gearing ratios	Territory Partnering Agreement, Schedule Part 3 (<i>Partnering Services</i>), Section 5B (<i>Partnering Services Method Statements – Project Development Partnering Services</i>)	

Col. E1	Col. E2	Col. E3	Col. E4	Col. E5	Col. E6	Col. E7
Qualitative Price Evaluation Main Criteria and Weighting	Qualitative Price Evaluation Sub- Criteria	Qualitative Price Evaluation Sub- Criteria Weighting	Ref	Final Tender Submission Requirement	Location within Contract Document Suite	Location within Final Tender Submission (Tenderer to insert exact reference within document)
				<p>that could be obtained on DBFM projects while still delivering their proposed base and capped IRR levels, along with evidence of hubco's ability to deliver the expected gearing;</p> <p>3 the Tenderer's views on potential funding market developments in the short to medium term from recent projects to support this estimate; and</p> <p>4 the proposed procurement process for 3rd party Funders including detail of how the methodology will ensure that the most appropriate / optimal sources and terms are selected for individual projects.</p>		
			E4.2.2	<p>The proposed Project Development Partnering Services Method Statement should clearly set out the proposed mechanism for ensuring that the base case nominal Blended Equity IRR (per E4.2.3 below) can be met with specific reference to how this will be achieved whilst satisfying the requirements of external Funders in respect of, for example, cover ratios.</p>	<p>Territory Partnering Agreement, Schedule Part 3 (<i>Partnering Services</i>), Section 5B (<i>Partnering Services Method Statements – Project Development Partnering Services</i>)</p>	

Col. E1	Col. E2	Col. E3	Col. E4	Col. E5	Col. E6	Col. E7
Qualitative Price Evaluation Main Criteria and Weighting	Qualitative Price Evaluation Sub- Criteria	Qualitative Price Evaluation Sub- Criteria Weighting	Ref	Final Tender Submission Requirement	Location within Contract Document Suite	Location within Final Tender Submission (Tenderer to insert exact reference within document)
			E4.2.3	Tenderers are required to include within the proposed Business Plan the base case nominal Blended Equity IRR over which profits will be shared with the relevant Participant, and sharing ratio, and to confirm their acceptance of the principles set out in paragraph 3.13 of this Invitation to Participant in Dialogue which states that all profits in excess of a further nominal Blended Equity IRR threshold will be returned to the relevant Participant, and the level at which such cap will operate. Tenderers may wish to offer other alternative threshold levels between the base case and fully capped level with an explanation of how this alternative mechanism would work.	Shareholders Agreement, Schedule Part 5 (<i>Agreed Form Business Plan</i>) Clause 36 (<i>IRR Sharing and Cap</i>) and Schedule 1 (Definitions and Interpretation) of the Template Project Agreement for DBFM Projects contained at Section 1 of Schedule Part 7 (<i>Template Project Agreements</i>) of the Territory Partnering Agreement.	
			E4.2.4	Tenderers shall identify the tax status of all proposed private sector investors including (but not limited to) their tax domicile, whether or not they are a UK taxpayer and the jurisdiction in which any investment vehicle is based. Tenderers shall set out clearly the taxation treatment of dividend distributions and the treatment of	This will be used solely for the Qualitative Price Evaluation.	

Col. E1	Col. E2	Col. E3	Col. E4	Col. E5	Col. E6	Col. E7
Qualitative Price Evaluation Main Criteria and Weighting	Qualitative Price Evaluation Sub- Criteria	Qualitative Price Evaluation Sub- Criteria Weighting	Ref	Final Tender Submission Requirement	Location within Contract Document Suite	Location within Final Tender Submission (Tenderer to insert exact reference within document)
				<p>subordinated debt payments for New Projects.</p> <p>Tenderers shall confirm that their proposals and tax treatment are consistent with current market positions regarding the tax treatment of interest payments (transfer pricing rules) and that appropriate advice has been obtained.</p> <p>Tenderers shall demonstrate how they will limit the tax exposure for hubco and how they will structure their delivery vehicle in such as way as to be tax efficient from the point of view of hubco.</p> <p>For the avoidance of doubt, "tax" should be taken to include any corporation tax and / or value added tax implications.</p>		
	E4.3 Quality and robustness of proposals for the financial management of hubco including the	25%	E4.3.1	<p>The proposed Ongoing Partnering Services Method Statement shall precisely detail:</p> <p>1 how the cost of provision of Ongoing Partnering Services will be funded in the short and long term whether by the Tenderer, from working capital from the hubco</p>	Territory Partnering Agreement, Schedule Part 3 (<i>Partnering Services</i>), Section 5A (<i>Partnering Services Method Statements – Ongoing Partnering Services</i>)	

Col. E1	Col. E2	Col. E3	Col. E4	Col. E5	Col. E6	Col. E7
Qualitative Price Evaluation Main Criteria and Weighting	Qualitative Price Evaluation Sub- Criteria	Qualitative Price Evaluation Sub- Criteria Weighting	Ref	Final Tender Submission Requirement	Location within Contract Document Suite	Location within Final Tender Submission (Tenderer to insert exact reference within document)
	raising of finance for working capital			<p>shareholders, from the hubco portion of Project Development Fees or from any other revenues which the Tenderer proposes hubco should receive from New Projects; and</p> <p>2 how the costs associated with Ongoing Partnering Services will be accrued for inclusion within the costs and/or financial model for a New Project through the Project Development Fee and/or any other such fees.</p> <p>This shall reflect the Tenderer's proposed Business Plan and specifically the operating budget at Proforma 4 of the Tenderer's Quantitative Price Submission. For the avoidance of doubt, Tenderers must provide reconciliation between the hubco portion of the Project Development Fee (as shown by the capped percentage provided in Proforma 2) to the hubco revenues included in Proforma 4.</p>	Shareholders Agreement, Schedule Part 5 (<i>Agreed Form Business Plan</i>)	

Col. E1	Col. E2	Col. E3	Col. E4	Col. E5	Col. E6	Col. E7
Qualitative Price Evaluation Main Criteria and Weighting	Qualitative Price Evaluation Sub- Criteria	Qualitative Price Evaluation Sub- Criteria Weighting	Ref	Final Tender Submission Requirement	Location within Contract Document Suite	Location within Final Tender Submission (Tenderer to insert exact reference within document)
			E4.3.2	<p>Tenderers shall describe in the proposed Business Plan their approach to the management of fixed or recurring costs and overheads, including the impact of an increase or decrease in the number of projects from that set out in the Participants' Indicative 5 Year Programme or movement in the timing of the currently planned projects.</p> <p>Tenderers shall clearly set out their approach to the identification and management of financial risks within hubco including a consideration of the risks that may be required to be managed by either the SFT or the Participants (if applicable).</p>	Shareholders Agreement, Schedule Part 5 (<i>Agreed Form Business Plan</i>)	
			E4.3.3	<p>The Business Plan shall contain full details of how all working capital requirements are to be funded including, if relevant, where costs of provision of Partnering Services are being carried on a cash-flow basis by Supply Chain members or the PSDP or its members. The costs of all such arrangements must be shown and reflected in the information submitted by the Tenderer in</p>	Shareholders Agreement, Schedule Part 5 (<i>Agreed Form Business Plan</i>)	

Col. E1	Col. E2	Col. E3	Col. E4	Col. E5	Col. E6	Col. E7
Qualitative Price Evaluation Main Criteria and Weighting	Qualitative Price Evaluation Sub- Criteria	Qualitative Price Evaluation Sub- Criteria Weighting	Ref	Final Tender Submission Requirement	Location within Contract Document Suite	Location within Final Tender Submission (Tenderer to insert exact reference within document)
				<p>response to Proformas 2 and 4 of the Tenderer's Quantitative Price Submission.</p> <p>Where working capital funding is to be provided to hubco, the cost to hubco (if any) of the working capital facility shall be clearly shown. The Tenderer should assume that any working capital to be injected by the Tenderer to hubco will be matched pro rata by the SFT and the Participants up to a maximum amount which will be advised to the Tenderers during dialogue.</p> <p>Where working capital is to be provided by the shareholders, the proposed Business Plan shall include details of the proposed return, amount and timing of commitment and repayment proposals. It is anticipated that the standard form working capital agreement within the SHA shall be utilised for this purpose.</p> <p>Where external working capital facilities are utilised, the Business Plan shall include indicative evidence from potential provider(s) of this finance</p>		

Col. E1	Col. E2	Col. E3	Col. E4	Col. E5	Col. E6	Col. E7
Qualitative Price Evaluation Main Criteria and Weighting	Qualitative Price Evaluation Sub- Criteria	Qualitative Price Evaluation Sub- Criteria Weighting	Ref	Final Tender Submission Requirement	Location within Contract Document Suite	Location within Final Tender Submission (Tenderer to insert exact reference within document)
				including: <ol style="list-style-type: none"> 1 the period over which it is available; 2 the terms and conditions attached to its use; 3 the cost associated with the provision of the facility, noting that working capital facilities are required on a fixed rate basis; and 4 commitment to provide funding. 		

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APPENDIX I: QUANTITATIVE PRICE SUBMISSION

Proforma Explanatory Notes

Proforma Explanatory Notes

1. Introduction

The Pricing Data Proformas 1-13 ("Proformas") and Bills of Quantities in this Appendix and the supporting information required in relation to them will be used for the Quantitative Price Evaluation (as indicated in paragraph 6.5.5(e) of the ITPD) and the Qualitative Price Evaluation (as indicated in paragraph 6.5.5(d) of the ITPD). For the successful tenderer, the completed Proformas (excluding Proformas 4 and 6), Bills of Quantities and supporting information will subsequently form the Pricing Data for purposes of the Territory Partnering Agreement and as such will be annexed in Appendix 1 (*Pricing Data*) to Schedule Part 4 (*Partnering Services Costs*) of the Territory Partnering Agreement.

The successful Tenderer's completed Proforma 6 shall be included within Section 4 (*Partnering Services Costs Rates*) of Schedule Part 3 (*Partnering Services*) of the Territory Partnering Agreement.

These explanatory notes give guidance as to completion of the Proformas and the Bills of Quantities. Where defined terms are used herein they shall bear the same meaning as given in the Standard Form Territory Partnering Agreement.

The proformas 1-13 have been prepared incorporating various formulas and links between sheets. It is the bidder's responsibility to check these to satisfy themselves that their bid is accurately presented.

New Project Pricing Reports

The construction cost component of a New Project will be the total of the following:-

- The Prime Cost - being the direct cost associated with carrying out individual items of work. The prime cost includes direct site labour, materials and small plant such as hand tools. The prime costs will be net of all subcontractor discounts.
- Preliminaries Cost - being items of site expenditure which cannot be attributed to individual items of work but rather to the project as a whole, or to substantial sections of it.
- Risk - being the monetary allowance to cover the cost of unforeseen items of work.
- Professional Fees - being the cost of Professional Services associated with carrying out the work associated with all stages of the New Project (before and after contract award).
- Overhead - being a percentage of the outlays on the Project (or certain of them) which represents a recovery of the costs incurred in running the Contractor as a whole and which cannot be attributed to any one particular contract, relative to the total of item 7 in Proforma 2.
- Contractors' Profit - being the financial return which the contractor requires on a per project basis relative to the total of Item 7 in Proforma 2.
- New Project Development Fee - defined within the Standard Form Territory Partnering Agreement, and inclusive of the hubco Portion from which hubco's costs in providing the Ongoing Partnering Services must be funded.
- hubco management or other fees relative to the construction period.

Additionally, where a project proceeds as a DBFM, there will be costs related to the procurement, provision and management of Facilities Management services and funding (including returns on sub-debt and equity investment) which will form part of the overall costs for that Project.

Tenderers are required to complete Proformas 1, 2, 7, 8, 9 and 10 to identify their capped prices and/or costs for specific items of work/activities applicable to a number of projects (the "Pricing Projects") based on the information supplied during the Dialogue. The Pricing Projects have been identified as:

[to be completed]

Tenderers are also required to complete:

- Proforma 3 with specified information which will form part of the financial model in relation to DBFM projects;
- Proforma 4 with the specified information for running hubco based on the Business Plan assumptions; and,
- Proforma 5 with the outturn value from the completed Bills of Quantities for four identified Prime Cost projects.

The Pricing Report prepared by hubco, for each stage of the New Project Approval Process for each New Project in accordance with Schedule Part 6 (New Project Pricing Report) of the Territory Partnering Agreement will compare prices/costs comprised within such New Projects against corresponding prices/cost elements taken from the Pricing Data where those prices/cost elements are an appropriate basis of comparison. As a general principle, hubco will be required to demonstrate that, where the Pricing Data provides appropriate Comparators for components or elements of such New Projects, the Comparator levels have not been exceeded. Further information in relation to this requirement is detailed below. hubco will also be expected to demonstrate continuous improvement in value for money and therefore continuous improvement targets may also be applicable.

2. Information to be Submitted

Tenderers must submit the completed Proformas, the supporting documentation referred to therein and the information requested in the Final Tender Submission Requirements in Appendices G and H to the ITPD (as updated by the ITSFT) all in accordance with the specific instructions detailed below.

3. Completion of Proformas 1-13

Project Data Sheets to assist with the pricing of Proformas 1 and 2 are available on 4Projects. Bills of Quantities and supporting information to assist with the completion of Proformas 5 and 13 are available on 4Projects.

Base Date

Tenderers should complete Proformas 1-13 in full assuming a start on site date (and a base date for indexation) of 1st quarter, 2012. When forming a basis for comparison in a Pricing Report, the prices/costs that are included in the Proformas and expressed in monetary terms will be subject to indexation, in accordance with paragraph 2.2.1 of Schedule Part 6 (*New Project Pricing Report*) of the Territory Partnering Agreement.

The Prime costs contained within the Project Data Sheets and Proforma 2 are net of subcontractor discounts. All subcontractor discounts will pass to the Project Agreement Counterparty.

3.1 Proforma 1 (Preliminaries)

Proforma 1 requires Tenderers to identify the preliminaries cost for each of the Pricing Projects. The costs should exclude any preliminaries costs attributable to site abnormalities. The cost of abnormalities, together with their resultant impact on preliminaries, will be demonstrated on an open book basis for each New Project in accordance with the principles and processes contained in the Territory Partnering Agreement and will be subject to the requirements of Part 6 (*New Project Pricing Report*).

3.2 Proforma 2 (Construction Cost)

Capped Items

For Comparator purposes, the percentage levels supplied at Items 2, 4a-c, 6a-q, 8a-c, 10.1a-r, 10.3c, 10.4a, 10.5g, 11.1a-r, 11.2d, 11.3a-c, 11.4b, 13a and the monetary figure supplied at Item 10.2 shall operate as capped levels in respect of the corresponding elements of relevant New Projects as provided in Schedule Part 4 (*Partnering Services Costs*), Schedule Part 5 (*Approval Process for New Projects*) and Schedule Part 6 (*New Project Pricing Report*) of the Territory Partnering Agreement.

For Comparator purposes, the overall cap on fees for professional services at each of Items 6, 10.1 and 11.1 relates to the aggregate of the fees for all specified disciplines for a New Project at that stage of the New Project. For the avoidance of doubt, the appropriate level for the overall cap on fees for professional services on any stage of any New Project (as identified at Item 6q, 10.1r or 11.1r) will differ from project to project depending upon which disciplines (as specified at 6a-o, 10.1a-q and 11.1a-q respectively) are relevant for such New Project or stage of such New Project. The overall cap on each New Project and for each stage of each New Project will therefore be calculated by aggregating the applicable capped percentages for all the disciplines that are relevant for that New Project/stage.

Item 2 – Preliminaries

Tenderers shall complete this section by carrying forward the costs from Proforma 1.

Item 4 – Risk

Tenderers shall insert against Items 4a and b capped % additions for:

- Design Development Risks; and
- Construction Risk, including risks contained within the various sub contract packages

Risk is defined as all risks associated with works in accordance with a full pass down of the Template Project Agreements contained in the Final Territory Partnering Agreement, with the exception of:

- Inherent site-specific risks such as ground conditions, existing services and suchlike, the cost implications of which will form part of the Prime cost for each New Project; and
- Planning risks, such as Planning Appeals, Call-Ins and suchlike.

For the avoidance of doubt, the % additions should relate to the sub-total identified in Item 3 of Proforma 2.

Item 6 - Fees

Tenderers shall insert capped % additions against Items 6a-o. For the avoidance of doubt the % additions should relate to the sub-total identified against Item 3 in Proforma 2. This section should relate only to fees incurred in relation to activities to be carried out **after** contract award/financial close for the relevant project. Fees should be calculated using the relevant section in Proforma 9 (Part 1).

Item 8 - Overheads and Profit

Tenderers shall insert, against Items 8a and 8b, capped % additions for:-

- Contractor's Overheads; and
- Contractor's Profit.

For the avoidance of doubt the % additions should relate to the sub-total identified in Item 7 of Proforma 2. Furthermore the profit figure should assume that all subcontractor discounts are returned to the Project Agreement Counterparty.

Item 10 - New Project Development Fee (Stage 1)

Section 10.1 Fees for Professional Services (Stage 1)

Tenderers shall insert capped % additions against Items 10.1a-q. For the avoidance of doubt the % additions should relate to the sub-total identified against Item 3 of Proforma 2. Fees should be calculated using the relevant section in Proforma 9. Other than elements covered by 10.2, 10.3, 10.4 and 10.5, this must include all sums which the Tenderer would expect the Relevant Participant to pay as part of the Project Development Fee to reflect the costs incurred in provision of the relevant Project Development Partnering Services, whether such costs are an internal cost (through utilising hubco resources) or an external cost (through utilising supply chain members).

Item 10.1q

Tenderers should include, separately from the costs of the relevant disciplines (architect, project manager etc.) a % addition for the cost of obtaining a Satisfactory Planning Permission for planning permission in principle assuming no Planning Appeal, Planning Call-in or Planning Proceeding during the Stage 1 process with a breakdown as per Proforma 10. Costs for all disciplines that might otherwise be relevant for this purpose elsewhere in Item 10.1 should exclude costs applicable to obtaining such planning permission in principle i.e. All costs associated with obtaining a Satisfactory Planning Permission should be included in Item 10.1q and not duplicated within 10.1a-p.

Sections 10. 2 Desktop Survey Fee

Tenderers shall insert a capped fee against Item 10.2a, Desktop Survey Fee, to have a desktop survey carried out to meet the requirements of a project which is being developed to RIBA Design Stage C. The capped fee shall represent the scope of work as identified within Appendix 1.

Section 10.3 Statutory Fees

Statutory Fees (Planning) incurred during Stage 1 will be priced in accordance with the current fee charges as published in The Town and Country Planning (Fees for Applications and Deemed Applications) (Scotland) Amendment Regulations 2010. These costs form part of the Project Development Fee, however, they are not capped fees, they will be incorporated within the Stage 1 Project Development Fee at the cost prevailing at the time when the fee is properly incurred.

The cost of Statutory Fees not specifically identified in Item 10.3 which have been properly incurred during Stage 1 will be included within the Project Development Fee.

For purposes of completing the Pro-forma estimated Statutory Fees have been inserted. The Tenderer should provide a mark-up percentage based on these inserted fees.

Section 10.4 Additional Stage 1 items that the Tenderer considers necessary

Tenderers shall populate Proforma 7 with all, if any, items considered to be additional Stage 1 input not adequately covered elsewhere in Item 10 and use this information to populate Item 10.4 of Proforma 2 with capped % additions. For the avoidance of doubt the % additions should relate to the sub-total identified against Item 3 of Proforma 2. Tenderers are reminded that the Comparator adjustment mechanic contained in the Territory Partnering Agreement will exclude the ability for hubco to seek payment for additional inputs (unless and to the extent required on a purely project specific basis (e.g. as a result of adverse site conditions)) and as such should demonstrate by way of accompanying narrative that their proposals within Items 10 and 11 of Proforma 2 accord with their proposed Project Development Partnering Services method statements as to all activities comprised within the submitted levels.

Use of Proforma 7 is not anticipated and should be minimised or ideally eliminated.

Section 10.5 Survey Fees Mark-up

Tenderers shall insert a capped % additions for the aggregate mark-up associated with procurement, management and supervision of 3rd party surveys as listed in Items 10.5a-e. It should be noted that in the absence of specific site information, indicative survey fees have been provided - for the avoidance of doubt the % additions should relate to the sub-total identified against the total cost in Item 10.5f of Proforma 2. For Comparator purposes the capped % additions will be applied to the actual site survey fees incurred in accordance with paragraph 4.5 of Part 5 (*Approval Process for New Projects*) of the Territory Partnering Agreement.

In accordance with the Schedule Part 5 (*Approval Process for New Projects*) of the Territory Partnering Agreement, it is expected that these surveys will be carried out in Stage 1. However, if the surveys are carried out in Stage 2 for whatever reason, e.g. desk top only at Stage 1 with agreed deferment of site surveys until Stage 2, then the capped percentages apply equally.

Item 11 - New Project Development Fee (Stage 2)

Section 11.1 Fees for Professional Services (Stage 2)

Tenderers shall insert capped % additions against Items 11.1a-q. For the avoidance of doubt the % additions should relate to the sub-total identified against Item 3 of Proforma 2. Fees should be calculated using Proforma 9. Other than elements covered by 11.2, 11.3 and 11.4, this must include all sums which the Tenderer would expect the Relevant Participant to pay as part of the Project

Development Fee to reflect the costs incurred in provision of the relevant Project Development Partnering Services, whether such costs are an internal cost (through utilising hubco resources) or an external cost (through utilising supply chain members).

On DBFM Projects, it is anticipated that the Stage 2 Project Development Fee will be included within the financial model and will be disbursed by subhubco to hubco and the relevant Supply Chain Members from the first drawdown. Accordingly, Tenderers should include allowance for all fees that will be inputted into the financial model reflecting Project Development Partnering Services that will have been provided prior to financial close (for example, sums payable to legal advisers, financial advisers, model auditors, insurance advisers, lenders technical advisers).

Tenderers should include, separately from the costs of the relevant disciplines (architect, project manager etc) a % for the cost of obtaining Satisfactory Planning Permission for a planning permission, assuming no Planning Appeal, Planning Call-in or Planning Proceedings prior to contract award with a breakdown as per Proforma 10. This should not make provision for the costs of discharging planning conditions, such costs should be included, where Tenderers consider that to be necessary, within the appropriate %'s in Items 4, 6, and 8 of Proforma 2. Costs for all disciplines that might otherwise be relevant for this purpose elsewhere in Item 11.1 should exclude costs applicable to obtaining such planning permission.

Tenderers should populate Proforma 12 with all costs for the specific services identified there plus all, if any, other items considered to be additional Stage 2 input for DBFM Projects and use this information to populate Item 11.3b of Proforma 2 with a total capped cost for "Additional items". For D&B Projects, Proforma 9 should be used.

Section 11.2 Statutory Fees

Statutory Fees (Planning and Building Warrant) incurred during Stage 2 will be priced in accordance with the current fee charges as published in The Town and Country Planning (Fees for Applications and Deemed Applications) (Scotland) Amendment Regulations 2010 and The Scottish Buildings Standards Procedural Handbook Second Edition. These costs form part of the Project Development Fee, however, they are not capped fees, they will be incorporated into the Stage 2 Project Development Fee at the cost prevailing at the time when the fee is properly incurred.

The cost of Statutory Fees not specifically identified in Item 11.2 which have been properly incurred during Stage 2 will be included within the Stage 2 Project Development Fee.

For purposes of completing the Pro-forma estimated Statutory Fees have been inserted. The Tenderer should provide a mark-up percentage based on these inserted fees at 11.2d.

Section 11.3 Additional Stage 2 items that the Tenderer considers necessary

Tenderers should detail at Item 11.3a, if necessary, capped % additions. For the avoidance of doubt the % additions should relate to the sub-total identified against Item 3 of Proforma 2. The hubco Portion to be bid at 11.3a should represent that element of the Project Development Fee which does not relate to costs incurred in provision of the relevant Project Development Partnering Services, but is required to fund hubco overhead and running costs and the cost of provision of the Ongoing Partnering Services. Tenderers should provide a narrative demonstrating any alternative basis (such as fixed sums or banded levels or annual step-up/step-down) which they propose should apply in using this information under the Territory Partnering Agreement to set caps.

In addition, Tenderers shall populate Proforma 8 with all, if any, items considered to be additional Stage 2 input (excluding those in relation to DBFM New Projects) and use this information to populate Item 11.3c of Proforma 2 with capped % additions. For the avoidance of doubt the % additions should relate to the sub-total identified against Item 3 of Proforma 2. Tenderers are reminded that the Comparator adjustment mechanic contained in the Territory Partnering Agreement will exclude the ability for hubco to seek payment for additional inputs (unless and to the extent required on a purely project specific basis (e.g. as a result of adverse site conditions)) and as such should demonstrate by way of accompanying narrative that their proposals within Items 10 and 11 of Proforma 2 accord with their proposed Project Development Partnering Services method statements as to all activities comprised within the submitted levels.

Section 11.4 hubco FM market test costs (DBFM only)

Tenderers shall include a capped % addition in respect of the costs for hubco carrying out a market test of the hard FM Services (assuming these to have an annual value of £[to be completed]). This applies for the indicated projects only. This should assume compliance with paragraph 5 of Schedule Part 6 (*New Project Pricing Report*) of the Territory Partnering Agreement. For the avoidance of doubt the % addition should relate to the annual value of £[to be completed].

Section 13 - Additional fees Tenderer proposes (if required)

If the hubco Operating Budget in Proforma 4 indicates revenues for hubco other than Project Development Fees, Tenderers should include here details of all such fees which relate to the relevant New Project (or in the case of DBFM projects, the construction phase of such projects). For the avoidance of doubt, this section must, as a minimum **capture any payments to hubco (albeit that these will be included in the Unitary Charge) for administering sub-hubco and/or managing the contract which are not included in the construction price.** In relation to DBFM projects, this should include all charges that would be included in the financial model for sub-hubco management (i.e. in respect of the costs incurred by hubco in managing its subsidiary and by the subsidiary in administering itself) during the entire construction phase. Where no such fees are proposed, Tenderers should indicate 0.00%. The breakdown and make up of these additional fees should be provided in Proforma 11.

3.3 Proforma 3 (DBFM Costs)

Tenderers should enter the specified financial parameters which will be used under privately financed projects to determine the associated annual Unitary Charge and Net Present Value of the scheme. These parameters will be applied to a specified prime cost and non-prime cost figure to provide an estimate of the total cost of a privately financed scheme and this cost will be assessed for the purposes of individual Tenderer evaluation. The parameters are as follows:

- a) Anticipated debt / equity ratio (gearing)
- b) Subordinated debt coupon (post-tax nominal)
- c) Equity IRR (post-tax nominal)
- d) Blended equity IRR (post-tax nominal)
- e) subhubco mark-up of FM pass-through element of UP4
- f) Cost per project per annum for the operational phase only for management of sub hubco

For the avoidance of doubt the sub hubco management costs during the period from concluding the Project Agreement to the facilities becoming operational should be included in Proforma 11 "Additional Management Costs Items", and not in Proforma 3 which captures the operational phase only.

Bidders must provide a breakdown of the sub hubco management fees within Proforma 3, clearly detailing what is included within the fees. These fees should be stated as a £ value and it is the £ value which will form the pricing cap.

The information contained within lines d, e and f of this Proforma 3 will be used to develop a cost (in Net Present Value terms) associated with a Private Finance project for a DBFM Project using the HM Treasury model. The same assumed capital value, operational and lifecycle elements, gearing, funding margins and underlying rates shall be applied to each of the Tenderers' proposals to determine such NPV cost. The output from this exercise will be input into Section B of the Quantitative Price Evaluation Summary sheet.

For the purposes of the evaluation a gearing ratio of 90:10 will be assumed. Tenderers are required to insert their expected gearing and evidence their ability to deliver the expected gearing and their view on potential funding market developments in the short term, noting the requirements of E4.2.1 of the Qualitative Price Evaluation Matrix.

Tenderers' response to b and c must be consistent with the base IRR levels provided as part of the Final Tender Submission.

Tenderers should specify here, as a % (based on an assumed annual payment to the FM Service Provider of £[to be completed]) the amount of any mark-up to reflect management of the FM Service by subhubco.

Proforma 3 Limb f relates to the cost per project per annum for the operational phase only for the management of sub hubco. The cost in line f is the charge that would be included in the financial model for sub-hubco management (ie in respect of the costs incurred by hubco managing its subsidiary and the costs incurred by the subsidiary in administering itself) for the operational phase. Bidders are asked to detail in the Business Plan as part of the section 2.11 on "Projects developed under DBFM" a description of the cost categories they envisage will be recovered through the DBFMs for hubco and sub hubco management and administration. Tenderers should include all relevant categories and cost items as they feel appropriate / necessary to reflect the costs. For the avoidance of doubt, sub hubco management costs during the period from concluding the project agreement to the facilities becoming operational should be included in Proforma 11 "Additional Management Costs Items" and are therefore carried through to Proforma 2 13a.

For Comparator purposes, the percentage levels supplied at Items b, d, and e shall operate as capped levels in respect of the corresponding elements of relevant New Projects as provided in Schedule Part 4 (*Partnering Services Costs*), Part 5 (*Approval Process for New Projects*) and Part 6 (*New Project Pricing Report*) of the Territory Partnering Agreement.

3.4 Proforma 4 (hubco Operating Budget)

Tenderers are required to complete Proforma 4 to provide detail in respect of the operational costs associated with the management and operation of hubco over the first five years of the Project in accordance with the requirements of the hubco Business Plan.

Tenderers shall provide a clear reconciliation between the calculation of Stage 1 and Stage 2 costs in Proforma 4 using the figures included within Proforma 2. Tenderers will also provide reconciliation between the hubco operating budget included within Proforma 4 and the hubco Portion included within Proforma 2.

Any fees that are in relation to Stage 1 and Stage 2 for Business Plan projects must be contained within Proforma 4.

Supporting documentation should be provided for cost categories within Proforma 4 so that the breakdown of costs are transparent. Breakdowns must be provided for the breakdown of staff costs, operating costs and working capital costs

Section 1. Revenues

Tenderers are expected to expand Items 1a,b and c as detailed below, to provide the make-up and breakdown of the figures specified.

Project Development Fee revenue should be supported by a detailed schedule showing the expected fee earned on each New Project which are to be assumed during the first 5-year period. Tenderers are expected to include the whole amount payable by the Relevant Participants (referring to the Notes on Items 10 and 11 of Proforma 2) as the Project Development Fee and not just that element which might ultimately be retained by hubco. Tenderers should ensure figures provided here are calculated on a basis consistent with their approach in Proforma 2, these will be assessed for consistency with the information provided in response to Proforma 2.

Tenderers should include at Item 1b details of all other income which they expect hubco to generate from its activities. Tenderers should ensure figures provided here are calculated on a basis consistent with their approach to Proformas 2 and 3, these will be assessed for consistency with the information provided in response to Proforma 2 and Proforma 3

Tenderers should include at 1c the hubco portion being the element of the Project Development Fee retained by hubco.

Section 2. Operating Costs

Cost breakdown Items at 2a-e inclusive are indicative only. Tenderers should include all additional relevant categories and cost items as they feel appropriate / necessary to reflect all operating costs, which should be included in this budget. Bidders should note that the qualitative evaluation of bids will consider whether the costs associated with the operation of hubco are robust and deliverable and will ensure that hubco can withstand changes to project flow and timing. All appropriate costs to manage such risks should therefore be included.

Tenderers should ensure that details of all management service charges payable by hubco, whether to the PSDP, members of the PSDP consortium (or their group companies) or otherwise, are also clearly shown in respect of management and administration of hubco and are fully detailed and accompanied by a detailed specification of services to be provided and, at a minimum, detailed heads of terms for a management services agreement.

Section 3. Working Capital/funding costs

Tenderers should include here the timing for injection and repayment of working capital, and the timing of costs associated with providing the facility.

Section 4. Project Development Partnering Services Costs

Tenderers should include here details of sums payable to the Supply Chain in respect of the provision of Project Development Partnering Services in relation to the projects on which the 5 year Business Plan is to be developed. Where Tenderers expect to utilise hubco resources for this purpose, the costs at 2. Operating Costs should reflect this and Tenderers are expected to demonstrate that this has been taken into account. Tenderers should provide supporting schedules showing the detailed breakdown of their analysis in this regard, which will be assessed for consistency with the information provided in response to Proforma 2.

3.5 Proforma 5 (Sample Project Prime Cost Data)

Tenderers should enter here the total Prime cost carried from the summary of the Bills of Quantities from the Sample Projects using the Sample Project Design Data. For clarity this total should be the net measured works only and should exclude preliminaries or any of the other add-ons noted in Items 2-15 of Proforma 2. The Prime costs for each sample project should be net of all subcontractor discounts.

This sum is the net total price of measured work for the relevant sample project carried forward from the bill of quantities summary and excludes preliminaries or any of the other add-ons noted at 2 -15 in Proforma 2.

In addition to producing Item 2 in Section A on the Quantitative Price Evaluation Summary Sheet, the rates set out in the priced Bills of Quantities shall form part of the Pricing Data for Comparator and benchmarking purposes as set out in paragraphs 3.1.1, 3.2 and 4.1 of Schedule Part 6 (*New Project Pricing Report*) of the Territory Partnering Agreement (these Comparators are price caps).

3.6 Proforma 6 (Partnering Services Cost Rates)

The rates entered shall be the rates which shall form part of Section 4 (*Partnering Services Costs Rates*) of Schedule Part 3 (*Partnering Services*) of the Territory Partnering Agreement and used for the purpose of calculating the Project Development Partnering Services costs in accordance with Schedule Part 4 (*Partnering Services Costs*) of the Territory Partnering Agreement and as the basis for agreeing payments in respect of the Strategic Support Partnering Services in accordance with clause 10.2 of the Territory Partnering Agreement. **These rates shall be the same as those entered into Proformas 9 and 10.**

Working Day – For purposes of completing the Proformas which require daily charge rates to be identified, a working day is defined as being 7.5 man hours per day.

For the purposes of the Quantitative Price Evaluation, these rates will be applied to determine a fixed cost for Strategic Support Partnering Services using a pre-determined scenario which will be shared with Tenderers prior to Final Tender Submission - the output from this will be Section C, Item 2 on the "Summary" sheet in the Proformas.

3.7 Proforma 7 (Additional Stage 1 Items)

Tenderers should include the details and costs associated with any additional Stage 1 items they require to be included.

3.8 Proforma 8 (Additional Stage 2 Items)

Tenderers should include the details and costs associated with any additional Stage 2 items they require to be included.

3.9 Proforma 9 (Professional Fees Resource Schedule)

Tenderers should outline their resources per stage, discipline and grade. Tenderers should outline their rates per hour (**which should match the rates entered in Proformas 6 and 10**) and number of hours and use this information to populate Item 10.1/11.1 (as appropriate) of Proforma 2.

3.10 Proforma 10 (Resource Schedule - Planning Fees)

Tenderers should outline their resources per stage, discipline and grade. Tenderers should outline their rates per hour (**which should match the information in Proformas 6 and 9**) and number of hours and use this information to populate Items 2q and 3q of Proforma 9.

For purposes of clarity it should be noted that the above fees should make no allowance for fees payable to the Local Authority in respect of Planning Application fees or Building Warrant fees.

3.11 Proforma 11 (Additional Fees – Construction Phase)

Tenderers should include the details of charges and costs set out in Item 13a of Proforma 2

3.12 Proforma 12 (Additional Stage 2 Items in relation to DBFM New Projects)

Tenderers should include details of the capped fees associated with services identified in Proforma 12 on a per project basis. Tenderers should identify separately any further services that will be required to achieve financial close on a DBFM which are not listed in Proforma 12 already or in Proforma 2 at item 11.1 to 11.4 and include these in Proforma 12. The total capped cost of these services is to be inserted at Item 11.3b of Proforma 2.

3.13 Proforma 13 Prime Cost Projects, Elemental Analysis

Tenderers shall complete an elemental analysis for Sample Projects **A** (Barrhead Health Centre), **B** (Clydebank Office), **C** (Dunfermline High School) and **D** (Pollock Civic Realm). Full backup linking the elemental analysis to the Bills of Quantities shall be provided.

4.0 Construction Programme

Tenderers must submit, for each Pricing Project, a master programme for the relevant works based on the durations noted in Proforma 2. The programme should be in sufficient detail to demonstrate the basis on which the preliminaries costs in Proforma 1 have been compiled. The programme shall also include commissioning periods.

During the evaluation process, the programmes submitted by the Tenderers (and a narrative related to these) will be assessed as part of the Qualitative Price Evaluation. The construction programmes will also be incorporated into the Pricing Data.

Tenderers are to assume that the projects exclude any abnormals.

5.0 Method Statement

The Tenderer is required to provide a method statement for the general management of the works for each Pricing Project. This method statement should seek to detail project-specific issues and not be confined to a generic statement. The method statement should be in sufficient detail to demonstrate the basis on which the preliminaries costs in Proforma 1 have been compiled.

The detailed proposals should cover the following issues as a minimum

- a project organogram;
- key roles and responsibilities;
- development approach and site logistics;
- a description of project management arrangements for the key phases including commissioning and ready for use;
- transitional planning and decant strategy;
- a list of any assumptions made; and
- a list of abnormals.

During the evaluation process, the programmes and Method Statements (and a narrative related to these) submitted by the Tenderer will be assessed as part of the Qualitative Price Evaluation. These will form part of the Pricing Data and be incorporated at Schedule Part 4 of the TPA.

Appendix 1 Desktop Study Specification

As a matter of clarification, Bidders are required to carry out a desk study for each relevant Site as detailed within Part 5 of the Territory Partnering Agreement Schedule. The Desk Study is essential as the first stage of any investigation to evaluate the ground conditions and associated risks at the site of the proposed development based on existing information which will then enable the scope of any further ground investigation (by intrusive or non-intrusive means) to be ascertained. The requirements of the desk study shall comply with the British Standard BS5930 Amendment 1 (1999) and Eurocode 7 Geotechnical Design - (Part 1 and Part 2). The requirements set out as follows:

1.1 Desk Study

This desk study should review any available sources of information pertinent to the site which may include:

1. British Geological Survey (BGS):
 - Superficial Geology and Solid Geology Maps;

- Historical Mining Maps (i.e. Environmental Geological Maps);
 - Geological memoirs;
 - Hydrogeological Maps; and
 - Available BGS boreholes.
2. Coal Authority (required if the site is in an area of known coal fields);
 - Mining /Ground Stability Reports; and
 - Mine Abandonment Plans.
 3. Historical Ordnance Survey Maps;
 4. Previous Ground Investigation Reports;
 5. Landmark Envirocheck Report – may include the following but not be limited to:
 - Geology;
 - Hydrogeology and hydrology;
 - Historical Maps;
 - Flood Risk assessment;
 - Coal and Brine Reports;
 - Quarrying Information;
 - Contaminated Land Information;
 - ISSS and Designated Areas (i.e. nitrate zone);
 - Current and Historical Landfill sites; and
 - Contemporary Trade Entries.
 6. UXO - Unexploded Ordnance Survey (required if the site is located within an area of known military activity or historical bombing);
 7. Aerial Photography and Satellite Imagery;
 8. Digital Terrain Model (DTM) Data;
 9. Scottish Environment Protection Agency (SEPA)

1.2 Site Reconnaissance

A site walkover survey shall be undertaken to visually inspect the proposed site and surrounding areas with regards to ground conditions, contamination issues, access/egress issues onto the site and sourcing any further information that may be essential to the scope of the ground investigation and /or may impact on the proposed development. A photographic record shall be undertaken of the proposed site for inclusion within the desk study report.

1.3 Review of historical site uses

A full review of the history of the proposed site and surrounding areas shall be carried out to ascertain any potential contamination issues and adverse ground conditions which may impact on the proposed development.

1.4 Desk Study Report

Notwithstanding the requirements of BS5930:1999 (Amendment 1) and Eurocode 7: Geotechnical Design, the study should address the following minimum requirements:

- Brief of the proposed works;
- List of reviewed sources of information;
- Description of the proposed site (location, topography etc);
- Site Reconnaissance assessment
- Review of the geology (superficial and solid);
- Review of hydrogeology and hydrology;
- Review of the History of the site, including previous land use, mining works, quarrying and reclamation works;
- Review of historical ground investigations;
- Review of any pollution incidents, ground contamination and landfill sites within 500m of the site;
- Details of permitted land use and restrictions;
- Details of approaches and access to the site (including temporary access for construction purposes);
- Review of any public utilities within the site (gas, electricity, British telecom etc);
- Review of any sensitive land use within 500m of the site;
- Review of ground stability hazards;
- Review of the site's environmental sensitivity requirements;
- Review of UXO Survey (if required)
- Inclusion of a Contaminated Land Risk Assessment
- Include Ground Risk Identification and a Preliminary Engineering Assessment;
- Discussions of Ground conditions and potential contamination risk
- Recommendations for suitable foundations.

Following the completion of the above, the Bidder shall provide as part of the desk study, details of any recommended further ground investigation for the proposed sites including the number of exploratory holes (boreholes (CP/RC), trial pits and inspection pits), in-situ testing (i.e. – SPT/CPT) and geotechnical/environmental sampling/testing required to provide sufficient data for the foundation design process and to confirm the severity and /or impact of ground contamination risk at the proposed site.

1.5 References

1. BS5930:1999 (Amendment 1) Codes of Practice for Site Investigations;
2. BS EN 1997-1 Eurocode 7 Part 1 – General Rules;
3. BS EN 1997-1 Eurocode 7 Part 2 – Ground Investigation and testing:
 - a. BS EN ISO 14688-1:2002 – Identification and Classification of Soils – Part 1: Identification and description ;
 - b. BS EN ISO 14688-2:2004 – Identification and Classification of Soils – Part 2: Principles for a classification;
 - c. BS EN ISO 14689-1:2003 - Identification and Classification of Rocks – Part 1: Identification and description; and
 - d. BS EN ISO 22476-3:2005 – Field Testing – Part 3: Standard Penetration Testing.

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PROFORMAS 1 to 11

[See separate excel spreadsheets]

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APPENDIX J: QUERY FORMS

DRAFT

**Appointment of Private Sector Development Partner
for the South West hub Territory**

Dialogue Period Query

TENDERER:

DIALOGUE PERIOD QUERY NUMBER:

DATE:

REFERENCE DOCUMENT / SCHEDULE:

Dialogue Period Query
<p style="text-align: center; font-size: 48px; opacity: 0.3; transform: rotate(-30deg);">DRAFT</p>

ISSUED BY:

**Appointment of Private Sector Development Partner
for the South West hub Territory**

Dialogue Period Query

DRAFT

**Appointment of Private Sector Development Partner
for the South West hub Territory**

Confidential Dialogue Period Query

TENDERER:

**CONFIDENTIAL DIALOGUE PERIOD QUERY
NUMBER:**

DATE:

REFERENCE DOCUMENT / SCHEDULE:

Confidential Dialogue Period Query

DRAFT

**Appointment of Private Sector Development Partner
for the South West hub Territory**

Confidential Dialogue Period Query

ISSUED BY: _____

DRAFT

**Appointment of Private Sector Development Partner
for the South West hub Territory**

Final Tender Period Query

TENDERER:

FINAL TENDER QUERY NUMBER:

DATE:

REFERENCE DOCUMENT / SCHEDULE:

Final Tender Query
<p style="text-align: center; font-size: 48px; opacity: 0.3; transform: rotate(-30deg);">DRAFT</p>

ISSUED BY:

**Appointment of Private Sector Development Partner
for the South West hub Territory**

Confidential Final Tender Period Query

TENDERER:

**CONFIDENTIAL FINAL TENDER QUERY
NUMBER:**

DATE:

REFERENCE DOCUMENT / SCHEDULE:

Confidential Final Tender Query
<p>DRAFT</p>

ISSUED BY:

APPENDIX K: BUSINESS PLAN STRUCTURE

hubco Business Plan – Contents

2.1 Executive Summary

2.1.1 hubco's core principles

2.1.2 Key KPIs

2.1.3 Demonstrating Value for Money

2.1.4 Demonstrating achieving continuous improvement in VFM

2.2 Company organisation

2.2.1 Ownership & Governance

2.2.2 Management structure

- Interim management structure
- Permanent management structure

2.3 Business objectives

2.3.1 Strategic business objectives

2.3.2 Specific business objectives

2.3.3 Management and operational objectives

2.3.4 Engagement with Participants

2.4 Delivery Plan

2.4.1 Key deliverables for first 100 days of hubco operation

2.4.2 Key deliverables for first 6 months of hubco operation

2.4.2 Key deliverables for first year of hubco operation

2.5 KPIS and Continuous improvement

2.5.1 Key KPIs

2.6 Human Resources

2.6.1 Recruitment & selection of staff

2.6.2 Retention methodology

2.6.3 General Manager post – duties

2.6.4 Other posts – description of duties

2.7 Pipeline issues

2.7.1 The proposed pipeline

2.7.2 Securing a stream of business

2.8 Partnering services – philosophies

2.8.1 Partnering services method statements

2.8.2 Categories of partnering services

2.8.3 Delivery of partnering services

2.9 Supply chain strategy

2.9.1 Philosophy

2.9.2 Developing a supply chain procurement model

2.9.3 Flexibility of Supply Chain

2.9.4 Market testing

2.9.5 Involving public sector organisations

2.9.6 Economies of scale

2.10 Approach to Management Systems (Word Count Limit each Section 750 Words)

2.10.1 Performance measurement

2.10.2 Health and safety

2.10.3 Financial Management

2.10.4 Risk Management

2.10.5 Corporate Governance

2.11 5 Year operating budget

2.12 Projects developed under DBFM models

2.12.1 Returns on equity contributions and subordinated debt

2.12.2 Proposals for IRR threshold levels

2.12.3 Recovery of overhead costs

2.12.4 Bringing funders on board

2.12.5 Management of funding process and securing best value funding

2.12.6 Corporate tax and VAT

2.12.7 Other relevant costs

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APPENDIX L: CERTIFICATE CONFIRMING ACCEPTANCE OF FINAL SHAREHOLDERS AGREEMENT AND FINAL TERRITORY PARTNERING AGREEMENT

This certificate is required to be provided by each Relevant Entity

Name of Company _____

We confirm:

- (a) our understanding and acceptance of the terms of paragraphs 1.3.5, 4.5.1 (b) and 4.8.2 of the Invitation to Participate in Dialogue;
- (b) that we accept the terms of the Final Territory Partnering Agreement (including the Template Project Agreements) and the Final Shareholder's Agreement (as defined in the Invitation to Participate in Dialogue) issued with the ITSFT dated[INSERT] 2011;
- (c) that we will not seek to raise, following any selection of [Tenderer to insert name/consortium] as Preferred Tenderer any matter or issue not reflected in the Tenderer Specific Amendment Schedule issued with the ITSFT (whether by raising matters discussed during the Dialogue Period but not reflected in the Tenderer Specific Amendment Schedule or by raising new matters or issues); and
- (d) our understanding and acceptance that any attempt by us to raise any matter or issue within the Final Tender Submission or after any selection of [Tenderer to insert name/consortium] as Preferred Tenderer may result in our Final Tender Submission being deemed non-compliant and/or our de-selection as Preferred Tenderer.

Signature of Tenderer*/Company: _____

Date: _____

* In addition to being completed for each member of the consortium, where the Tenderer has been established as a company, the form should also be signed by two directors or by a director and the secretary of the company, such persons being duly authorised for that purpose.

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APPENDIX M: CERTIFICATE CONFIRMING TENDERER'S PQQ SUBMISSION

This certificate is required to be signed by each Relevant Entity.

Name of certifier: _____

We confirm that

*[there has been no material change in our financial or other circumstances and there has been no change in the membership of the consortium since submission of the Pre- Qualification Questionnaire];

OR

*[since submission of the Pre-Qualification Questionnaire the following material changes have occurred in our financial or other circumstances and/or the following changes have been made to the membership of the consortium: [narrate change(s)].

We acknowledge that any change in the membership of the consortium since submission of the Pre- Qualification Questionnaire may only be made with the prior written agreement of the Participants (which shall not be unreasonably withheld but will be subject to the Tenderer continuing to meet the Pre-Qualification Questionnaire criteria).

We acknowledge that any material change in our financial or other circumstances or any change in ownership of the consortium shall be evaluated in accordance with the Pre- Qualification Questionnaire evaluation criteria and that we (or, where applicable, the consortium) may be deselected from the competition if, as a result of any such change, we (or, where applicable, the consortium) do not comply with the minimum requirements of the Pre-Qualification Questionnaire evaluation criteria or would not have been shortlisted to be invited to take part in the Dialogue had such change been taken into account in the original Pre-Qualification Questionnaire evaluation.

Signature of Tenderer*/Company: _____

Name: _____

Date: _____

* Delete as appropriate

** In addition to being completed for each member of the consortium, where the Tenderer has been established as a company, the form should also be signed by two directors or by a director and the secretary of the Tenderer, such persons being duly authorised for that purpose.

APPENDIX N: ADJUSTMENT FACTORS

Guidance Notes

The following matrices have been developed to assist Tenderers in the development of the adjustments which may be applied to the relevant Comparators (including elements or components) from the Pricing Data for the purposes of establishing caps on New Projects as referred to in Schedule Part 5 (*Approval Project for New Projects*) and Part 6 (*New Project Pricing Report*) of the TPA, all in accordance with the requirements of Appendix 1 (*Pricing Data*) to Schedule Part 4 (*Partnering Services Costs*) of the TPA.

The Tenderer shall develop a method of arriving at caps which is clear and unambiguous in terms of

–

1. The selection of the Comparator(s);
2. The selection of any applicable adjustment(s) to be applied to the Comparator; and
3. The method of calculating and applying the adjustment(s)

Each adjustment shall be structured to enable it to be applied at the appropriate stage of the New Project Approval Process taking cognisance of the level of information which will be available.

1. In accordance with TPA Schedule Part 5, paragraph 2.2.11, the Project Development Fee Cap is to be agreed prior to the issue of the New Project Request.
2. In accordance with TPA Schedule Part 6, paragraph 3.1.1, the Comparators and the adjustments shall be agreed within 4 weeks of commencing each of Stage 1 and Stage 2.

Matrices 1-7 have been developed in respect of the adjustment of the Comparators.

Matrix 1 identifies the parts of the Prime and Non Prime Costs which the Territory accepts may potentially be subject to adjustment by Tenderers when they are considering the impact of the items identified within paragraph 2.3 of TPA Appendix 1 (*Pricing Data*) to Schedule Part 4 (*Partnering Services Costs*) of the TPA, upon the Pricing Data. The parts which potentially may be subject to adjustment are those not shaded grey.

Matrices 2-7 provide the structure in which the information relating to adjustment of the Comparators should be presented.

The matrices identify **for purpose of example only** –

1. The parts of the Pricing Data which the Territory anticipates that hubco may elect to adjust.
2. The reason for the proposed adjustment and in certain instances,
3. An indication of the general methodology which should be developed to calculate and substantiate the proposed adjustment.

The Tenderer shall populate the Matrices to identify the adjustments which they propose to apply to the Comparator. They shall also develop detailed individual method statements including worked examples for each such adjustment and for the application on one project of multiple adjustments, these shall clearly identify the method by which the adjustment will be calculated and applied.

Wherever possible, the Tenderer shall develop a process which adjusts the Comparator (Project/Element/Component) by an arithmetical process to establish the Cap. Where an arithmetical process is not appropriate, the Tenderer shall develop a percentage based adjustment

to be applied to the Comparator. The method of calculating percentage adjustments shall be fully explained.

In instances where Comparators are identified as being adjustable by more than one of the adjustments, the Tenderer shall confirm which of the adjustments takes priority and in applying the adjustment factors to Comparators on New Projects, adjustment shall be made in respect of only such factor. This hierarchy of adjustment shall be clearly reflected within the individual adjustment method statements.

The Tenderer shall explain and illustrate by worked example, the method by which the adjustments shall be made to the Comparator(s).

The developed matrices shall be incorporated within the Project development method Statement as shall the supporting method Statements.

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MATRIX 1

Matrix 1 - Anticipated adjustments																
Permitted Adjustments	Pre issue of New Project Request Project Development Fees											Stage 1/Stage 2 (within 4 weeks of commencing)				
	Professional Fees Stage1	Professional Fees Stage 2	Desktop Survey Fees	Surveys Fees	Additional Stage 1 items PF 7	Risk	hubco Portion	Hard FM services market test	Additional Stage 2 items PF 8 and 12	Additional Fees tenderer proposes	Statutory Fees	Professional fees Post FC	Preliminaries	Prime Costs	Risk	Overhead & Profit
1 Prime Cost	✓	✓	✓									✓	✓			
2 Function	✓	✓										✓	✓			
3 Complexity	✓	✓	✓									✓	✓	✓		
4 Programme	✓	✓										✓	✓			
5 Phasing		✓										✓	✓	✓		
6 Volume														✓		
7 Planning	✓	✓	✓													

MATRIX 2

Adjustments made to Comparators pre issue of a New Project Report					
Adjustments to be agreed					
1. The Stage 1 Professional Fees					
2. The Stage 2 Professional Fees					
3. Associated Fees (Statutory and Survey)					
Matrix 2 - Adjustments to Stage 1 Professional Fees					
		Adjustment	Yes/No	Reason for adjustment	Methodology
2	The Stage 1 Professional Fees	Prime Cost	Yes	1 Adjustment to reflect economies of working on higher cost projects 2 Adjustment to reflect inefficiencies associated with lower value commissions 3 Quantity of input may vary due to different Prime Cost	
		Programme	No		
		Phasing	No		
		Function	Yes	1 Different building function may require different levels of input from Professional Team Members 2 Different building function may require specialist input	
		Complexity	Yes	1 Different level of input may be required from Professional Team due to design requirements	
		Volume	No		
		Planning	Yes	1 May require different levels of resource due to Planning Requirements	

MATRIX 3

Matrix 3 - Adjustment to Stage 2 Professional Fees				
	Adjustment	Yes/No	Reason for adjustment	Methodology
3 The Stage 2 Professional Fees	Prime Cost	Yes	1 Adjustment to reflect economies of working on higher cost projects	
			2 Adjustment to reflect inefficiencies associated with lower value commissions	
			3 Quantity of input required from Professional Team may vary.	
	Programme	Yes	1 Stage 2 duration may differ from the Comparator.	
	Phasing	Yes	1 Different levels of design information may be required to assist in accommodatin the phasing requirements	
	Function	Yes	1 Different building function may require different levels of input from Professional Team Members	
			2 Different building function may require specialist input	
	Complexity	Yes	1 Different level of input from Professional Team required due to design requirements	
	Volume	No		
	Planning	Yes	1 Different level of liaison with Planners may be required	

MATRIX 4

Matrix 4 - Adjustment to Associated Fees					
		Adjustment	Yes/No	Reason for adjustment	Methodology
4	Desk top Survey	Prime Cost	Yes	1 Level of surveys required related to value/size of project.	
		Programme	No		
		Phasing	No		
		Function	No		
		Complexity	Yes	1 Proposed site may require different levels of survey	
		Volume	No		
		Planning	No		



MATRIX 5

Adjustments made to Comparators at Stage 1 and Stage 2 (within 4 weeks of commencement)						
To be agreed						
1. The Post Financial Close Professional Fees						
2. The Preliminaries						
3. The Prime Costs						
Matrix 5 - Adjustment to Post Financial Close Fees						
		Adjustment	Yes/No	Reason for adjustment	Methodology	
5	The Post Financial Close Professional Fees	Prime Cost	Yes	1 Prime Cost is different to the Comparator, adjustment to reflect economies of working on higher cost projects		
				2 Prime Cost is different to the Comparator, adjustment to reflect inefficiencies associated with lower value commissions		
		Programme	Yes	1 Post Financial Close duration may differ from the Comparator		
				2 Different levels of design information may be required to assist in accommodating the phasing requirements		
		Phasing	Yes	1 Different levels of design information may be required to assist in accommodating the phasing requirements		
				2 Different levels of site visits may be required		
				3 Post Financial Close duration may differ from the Comparator		
		Function	Yes	1 Different building function may require different levels of input from Professional Team Members		
				2 Different building function may require specialist input		
		Complexity	Yes	1 Different level of input from Professional Team required due to design requirements		
		Volume	No			
		Planning	No			

MATRIX 6

Matrix 6 - Adjustment to Preliminaries						
			Adjustment	Yes/No	Reason for adjustment	Methodology
6	The Preliminaries		Prime Cost	Yes	1 Prime Cost is different to the Comparator,	adjustment of elements/components of the Preliminaries to reflect the resources required
			Programme	Yes	1 Post Financial Close duration may differ from the Comparator	adjustment of elements/components of the Preliminaries to reflect the Post Financial close duration
			Phasing	Yes	1 The requirement for Temporary works	adjustment of elements/components of the Preliminaries to reflect the extent of required temporary works
					2 The requirement for decanting	adjustment of elements/components of the Preliminaries to reflect the decanting requirement.
					3 The requirement to work within an existing/occupied building	adjustment of elements/components of the Preliminaries to reflect the implications of working in an existing/occupied building
			Function	Yes	1 Different building function may require different levels of site management/plant and machinery	Method Statement to identify requirements and elements/components of teh Preliminaries to be adjusted to reflect the Method Statement.
			Complexity	Yes	1 Different levels of site ingress/egress	adjustment of elements/components of the Preliminaries to reflect the impact of the access arrangements
						2 Constructing adjacent to existing buildings
			Volume	No		
			Planning	No		

MATRIX 7

Matrix 7 - Adjustment to Prime Costs						
		Adjustment	Yes/No	Reason for adjustment	Methodology	
7	The Prime Costs	Prime Cost	Yes	1 Volume of materials triggers Volume Discount.	adjustment of elements/components rates to reflect quantity change	
		Programme	No			
		Phasing	Yes	1	Multiple visits to site by Contractors/Suppliers	
				2	Out of sequence working	
				3	The requirement to work within an existing/occupied building	
		Function	Yes	1	Different building function may have different performance requirements which impacts upon elements.	
		Complexity	Yes	1	Difference in internal configuration	
				2	Constructing adjacent to existing buildings	
				3	Performance requirements in respect of Breeam	
				4	Specification of services installations	
		Volume	Yes	1	Difference in the volume of material/labour required may trigger volume discount	
		Planning	Yes	1	To secure planning consent will require a change in materials specification.	

APPENDIX O: TENDERER SPECIFIC AMENDMENT SCHEDULE

hub – South West Territory

Invitation to Submit Final Tenders stage - Tenderer Specific Amendment Schedule

Tenderer – [INSERT TENDERER NAME]

1. Introduction

- 1.1 This is the Tenderer Specific Amendment Schedule referred to in the ITPD dated November 2011 and the ITSFT dated [] 2012 relative to the appointment of a Private Sector Development Partner for the West hub Territory. This document is issued as part of, and is subject to, the terms of the ITSFT. Defined terms used herein bear the meaning given in the ITPD and ITSFT unless otherwise indicated.
- 1.2 This Tenderer Specific Amendment Schedule, coupled with the Standard Form Partnering Agreements issued with the ITSFT (which include the Template Project Agreements) comprises the Final Territory Partnering Agreement and the Final Shareholder's Agreement on which [INSERT TENDERER NAME] should base their Final Tender Submission. All tenderers will be required to complete a confirmation in the form of Appendix [] to the ITSFT confirming the terms of the Final Territory Partnering Agreement and the Final Shareholder's Agreement are acceptable to them and that their Final Tender Submission has been submitted based on their terms and conditions.
- 1.3 Listed below are:
 - 1.3.1 the amendments to the Standard Form Partnering Agreements that the Participants and the SFT have agreed with you will or may (as reflected below) be incorporated into the Standard Form Partnering Agreements should you be successful in being selected as the Preferred Tenderer; and
 - 1.3.2 those issues which, while not yet fully agreed between the Participants and the SFT and you, are issues which the Participants and SFT consider can be addressed should you be selected as Preferred Tenderer as clarification and/or fine tuning in accordance with the Regulations.
- 1.4 In addition to the matters identified in this Tenderer Specific Amendment Schedule, the Standard Form Partnering Agreements shall be updated as necessary to ensure such contracts are complete and do not contain inappropriate blanks or square brackets.
- 1.5 The Tenderer is reminded that significant or material changes to any aspect of the Final Tender Submission (including the Final Territory Partnering Agreement and Final Shareholder's Agreement) after submission of the Final Tender Submission or selection of the Preferred Tenderer are not permitted and any attempt by a

Tenderer to do so may result in their selection as Preferred Tenderer being terminated.

2. General

In the event the Tenderer is selected as the Preferred Tenderer, the Standard Form Partnering Agreements will be updated following such selection to incorporate those commitments made by the Tenderer as part of the Final Tender Submission which are additional to the commitments set out in the Standard Form Partnering Agreements. This would cover issues such as commitments as to specific levels of resources or monetary investments from the PSDP or the constituent members of the PSDP (or their group companies) or commitments on continuous improvement which are not otherwise captured by the Territory Partnering Agreement.

3. Shareholder's Agreement

Clause/Reference	Comment/Issue
Recital F, Definitions, Clause 3.1, Schedule Part 1 (<i>Details of the Participants</i>), Schedule Part 2 (<i>Details of the Company</i>), Schedule Part 7 (<i>Articles of Association</i>)	Details of the number of shares being subscribed for by each class of shareholder - to be consistent with Business Plan and Participants' requirements as identified during competitive dialogue.
Clause 3	Details of any debt being advanced or committed by the shareholders at completion - to be consistent with Business Plan and Participants' requirements as identified during competitive dialogue
Clause 12.2.22	Selection of appropriate form of wording depending on the Participants' assessment of the adequacy of the Tenderer's method statements for selecting and refreshing the supply chain and selecting Project Service Providers and their sub-contractors in dealing with issues of transparency and conflict of interest.
Clause 12.4	Details of PSDP group companies who will be entering into supply chain agreements with hubco at completion to be inserted.
Clause 13.4.1	List of matters set out in Clause 13.4.1 to be discussed and agreed following agreement on the terms of the Tenderer's Management Services Agreement.
Clause 15.1/15.4.3	Details of appropriate parent undertakings for each consortium member (being the entity on whose covenant that consortium member pre-qualified) to be inserted.
Schedule Part 5 (<i>Agreed Form Business Plan</i>)	To be inserted from Tenderer's Final

Clause/Reference	Comment/Issue
	Tender Submission, following fine tuning and/or clarification as necessary.
Schedule Part 9 (<i>Details of the PSDP</i>)	Details of the Company including initial directors.
Schedule Part 10 (<i>Working Capital Agreement</i>)	Details of Individual Commitments to be inserted – to be consistent with Business Plan.

4. Territory Partnering Agreement

This Section 4 relates to the Territory Partnering Agreement under exception of the Template Project Agreements, which are addressed separately in Sections 5 and 6.

Clause/Reference	Comment/Issue
Schedule Part 3 (<i>Partnering Services</i>), Section 2 (<i>Management Systems</i>) Appendix 1 (<i>Initial Management Systems</i>)	To be inserted from Tenderer's Final Tender Submission, following fine tuning and/or clarification as necessary.
Schedule Part 3 (<i>Partnering Services</i>), Section 3 (<i>Performance Measurement</i>)	Completed KPI Schedule to be inserted from Tenderer's Final Tender Submission, following fine tuning and/or clarification as necessary.
Schedule Part 3 (<i>Partnering Services</i>), Section 4 (<i>Partnering Services Costs Rates</i>)	Table of rates to be inserted from the Tenderer's Final Tender Submission, following fine tuning and/or clarification as necessary.
Schedule Part 3 (<i>Partnering Services</i>), Section 5 (<i>Partnering Services Method Statements</i>)	Method Statements to be inserted from Tenderer's Final Tender Submission, following fine tuning and/or clarification as necessary.
Schedule Part 4 (<i>Partnering Services Costs</i>), Appendix 1	Proformas [1 – 14 (excluding Proformas 4 and 6)] and accompanying narratives, method statements and programmes to be inserted from Tenderer's Final Tender Submission, following fine tuning and/or clarification as necessary.

5. Template Project Agreement – Design and Build Development Agreement

Clause/Reference	Comment/Issue

6. Template Project Agreement – Design Build Finance and Maintain Agreement

Clause/Reference	Comment/Issue
"First Whole Life Threshold Return", "Second Whole Life Threshold Return"	Figures to be inserted from Final Tender Submission – to be consistent with Business Plan.