

## Open Tender Specification

<b>Title</b>	SEMLEP Local Growth Fund Financial Due Diligence
<b>Description</b>	Local Growth Fund 2019 bidding round identified 8 projects for further due diligence. All private or third sector led bids require financial due diligence to be completed prior to funding being approved
<b>Procurement Process No.</b>	PR2010
<b>Issue of Specification</b>	6 January 2020
<b>Closing date</b>	24 January 2020

### About us

The South East Midlands Local Enterprise Partnership (SEMLEP) was set up in May 2011 as one of 38 Local Enterprise Partnerships (LEPs) in England. As private public partnerships leading economic growth, LEPs play a central role in determining local economic priorities and undertaking activities that drive innovation, growth and the creation of local jobs. Our [Local Industrial Strategy](#) was refreshed in 2017. More information can be found on our website [www.semlep.com](http://www.semlep.com).

We have a large number of partners including 13 local authorities, local businesses, business organisations and many other private and public organisations. In addition to the work that SEMLEP carries out we also have a business support arm: a growth hub.

SEMLEP is formed as a company limited by guarantee and is overseen by the Ministry of Housing, Communities and Local Government with Department for Business, Energy and Industrial Strategy.

### Overview

We are bound by our [Assurance Framework](#) which sets out how SEMLEP is governed and manages public funds. It ensures that we comply with the best practice of the public sector, in how SEMLEP makes decisions and manages its finances. The Assurance Framework sets the

requirements for our Local Growth Fund project management, appraisal, and prioritisation and approval process in 2 stages with independent advice.

## Background information

Local Growth Fund LGF is a HM Government capital programme for economic growth launched in 2015. In 2019 we held a bidding round and developed a pipeline of projects for delivery in 2020/21 to replace projects in our current approved programme that were unable to go ahead. The Board approved outline initial decisions before Christmas and is aiming towards full approvals in March 2020.

In August 2019 we appointed Hatch Regeneris to provide preliminary advice to applicants, the first stage appraisal and second stage due diligence of local growth fund projects.

For clarity, the Hatch Regeneris:

- a) have undertaken a first stage appraisal and prioritisation to facilitate the development of a project list for initial board approval. This report is available on request.
- b) are undertaking, commencing in January, a second due diligence stage to allow the LEP to move to a funding agreement with projects where projects have been approved when funding is available.

The whole process and both stages need to be compliant with the published 2019 SEMLEP Assurance Framework and HM Treasury Green Book.

The projects include a range of business, skills or other economic development capital projects with private sector partners. The requirements of each appraisal are in part set by the size of the project and Local Growth Fund contribution.

8 pieces of due diligence are advancing and all of those are private or third sector organisations which will require further financial due diligence for SEMLEP to be able to finally approve the funding. There are 7 different organisations to be assessed. All grant sums are less than £5m. All funds need to be spent on the project by March 2021.

## Requirements

- a) We require consultants with the knowledge, experience and technical expertise of carrying out financial due diligence of private businesses and third sector organisations delivering capital projects.
- b) We do not expect the consultants to meet with the private businesses and third sector organisations but teleconferences may be required as well as email contact to seek and question information provided.

- c) We ask the consultants to work with reference to Hatch Regeneris who will be carrying out the wider project due diligence to ensure a coherent process. SEMLEP will make the introduction to Hatch Regeneris.
- d) We require a draft report on 4 March and a final report on each case to be available by 16 March 2020 unless agreed with SEMLEP on a different timetable. The draft report will be made to the Growth Fund Task Group on 13 March. You may be required to present the report to the Growth Fund Task Group meeting or at the SEMLEP Board that will make the final decisions but we will confirm that in advance. The Board meeting is 25 March 2020.
- e) The requirements of the financial due diligence are as follows:
1. Review of historical, current and future projections of the company
  2. Review of profitability, solvency and liquidity
  3. Understanding the working capital requirements of the company
  4. Establish if there is sufficient working capital to deliver the project and withstand issues if it did not go to plan, eg delays or changes to payment terms
  5. Review of current funding and loan arrangements, including inter-company, and renewal dates
  6. Review of existing covenants from lenders and check for breaches
  7. Review of company's credit report, check for defaults, CCJ's and overall credit worthiness within the market place, including calculation of a Z-score to assess risk of bankruptcy
  8. Review of any outstanding disputes with statutory bodies (e.g. HMRC) and of any significant pending litigation involving the company.
- f) We do not expect consultants to explore the technical ability to deliver the project but to advise on the financial ability to fund the scheme over the proposed timeframe.

## Procurement Timescales

<i>Issue the open tender</i>	<i>6 January 2020</i>
<i>Closing date for receive the quotes – 12 noon</i>	<i>24 January 2020</i>
<i>Compliance Check / Short listing of bidders</i>	<i>By 30 January 2020</i>
<i>Interview – Time TBC (will be during the morning)</i>	<i>3 February 2020</i>
<i>Appointment of successful supplier</i>	<i>3 February 2019</i>
<i>Award of contract</i>	<i>6 February 2019</i>
<i>Inception Meeting</i>	<i>6 February 2019</i>

<i>Completion of reports</i>	<i>Draft by 4 March and final report by 16 March</i>
<i>Completion of work</i>	<i>25 March 2020</i>

## **Budget**

SEMLEP has an approved budget of up to £14,000 for this work in 2019/20 inclusive of VAT and expenses. We are seeking competitively priced bids that offer high quality and value for public money.

## **Submission Requirements**

Please submit electronically any relevant supporting information related to this brief with SEMLEP’s Request for Quotation Application form to [procurement@semlep.com](mailto:procurement@semlep.com) and with the name and reference number of the tender in the subject header.

Please note we do not want hard copies to be sent in the post. Given timescales we would be looking for concise submissions.

Our tender evaluation panel will assess received applications as per the selection and award criteria stated below.

## **Selection and award criteria**

The tender application has a two-stage process: Part A and Part B. The first stage will assess Part A in accordance with the Selection Criteria that assess the ability of the tenderer to perform a contract based on qualitative information related to the economic and financial standing of the applicant, suitability, equalities and insurance. If the application passes stage one that is Part A, it will be assessed under the Award Criteria “Part B”, stage two.

### **Stage One - Selection Criteria**

Section 4 to 7 of the application form is Part A. Questions 1, 3, 5, 6 and 7 are pass / reject. If you fail any of these questions, your application will be rejected.

### **Stage Two - Award Criteria**

If your application passes on “Part A” it will progress to “Part B” that is the Award Criteria. The applications will be scored under the Award Criteria set out below:

## SECTION 4 : AWARD CRITERIA EVALUATION

Criteria	Score	Score	Score	Score	Weighing (%)	Weighted Score
<b>Price:</b> It is necessary to illustrate the value for money in the proposal and how your proposal will deliver the best value per £ of public funds.	Exceptional, covered thoroughly, prices are very good and better than other suppliers. Score 8-10	Average. Brief covered adequately, Prices are reasonable. Score 4-7	Bidder meets or does not meet requirements of brief. Score 0-3		25%	
<b>Ability to deliver the required service quality and within timescales:</b> Outlines how and when the project will be delivered.	Exceptional, covered thoroughly, Score 8-10	Average. Brief covered adequately, Score 4-7	Bidder meets or does not meet requirements of brief. Score 0-3		35%	
<b>Overall quality of submission:</b> Outlines what will be delivered; Give clarity of offer and structure of proposal.	Exceptional, covered thoroughly, have provided a very good response, covered the structure of proposal and have provided 2 referees. Score 8-10	Average. Brief covered adequately, haven't provided 2 referees or have not provide a good structure proposal. Score 4-7	Bidder meets or does not meet requirements of brief. Score 0-3		15%	
<b>Quality of delivery:</b> Provide details about the quality of delivery team indicating key members of	Exceptional, covered thoroughly, have provided a satisfactory information of the key members that will be involved on	Average. Has provided adequate / fair information regarding the key members that will be involved on	Poor, have not provided satisfactory information 0-3		20%	

the team that will be working on the project and relevant experience	the project delivery and their relevant experience compared to the requirements of the brief. Has provided very good response, covered the structure of proposal and 8-10	the project delivery and their relevant experience compared to the requirements of the brief 4 - 7				
<b>Social Value:</b> The proposal needs to show the social value of the contract and how your business contributes to the society and community in which you operate.	Exceptional, covered thoroughly, providing apprenticeship and placements, helping local charities and other community work. Score 8-10	Average. Brief covered adequately, Do community and charity work but do not provide apprenticeship / placements or vice versa. Score 4-7	Does not meet requirements of brief. Score 0-3		5%	
			<b>Total</b>		<b>100%</b>	

## Please note:

The Quotation response must include:

- SEMLEP's Open Tender Application Form fully completed
- All prices quoted shall be fixed and firm and shall apply for the full duration of the contract.
- Following that period, any requests for the price changes must be accompanied by a written summary and supported by evidence to justify the proposed price change.
- No quantity or continuity is guaranteed to successful suppliers and this should be taken into account when completing the price schedule.
- All costs are deemed to include expenses and any other on-cost.
- All prices quoted shall be exclusive of Value Added Tax (VAT)
- The quotation response must be on SEMLEP's Request for Quotation Application Form
- Any queries regarding completion of the response please email [procurement@semlep.com](mailto:procurement@semlep.com) or contact us on 01234 436100
- Please send your completed forms and any supporting information electronically to [procurement@semlep.com](mailto:procurement@semlep.com) with the name of the tender in the subject header. Please note we **do not** want hard copies to be sent in the post.
- We only accept submissions in Word or PDF of less than 10mb
- All tender submissions may be subject a credit check.
- All the questions received will be answered and published at SEMLEP website under the recruitment and procurement page.
- SEMLEP's Terms and Conditions are attached.

## SUMMARY OF INELIGIBILITY CONDITIONS

- a) is bankrupt or is being wound up, where his affairs are being administered by the court, where he has entered into an arrangement with creditors, where he has suspended business activities or is in any analogous situation arising from a similar procedure under national laws and regulations;
- b) is the subject of proceedings for a declaration of bankruptcy, for an order for compulsory winding up or administration by the court or of an arrangement with creditors or of any other similar proceedings under national laws and regulations;
- c) has been convicted by a judgment which has the force of *res judicata* in accordance with the legal provisions of the country of any offence concerning his professional conduct;
- d) has been guilty of grave professional misconduct proven by any means which the contracting authorities can demonstrate;

- e) has not fulfilled obligations relating to the payment of social security contributions in accordance with the legal provisions of the country in which he is established or with those of the country of the contracting authority;
- f) has not fulfilled obligations relating to the payment of taxes in accordance with the legal provisions of the country in which he is established or with those of the country of the contracting authority;
- g) is guilty of serious misrepresentation in supplying the information required under this Section or has not supplied such information;
- h) has been the subject of a conviction for participation in a criminal organisation, as defined in Article 2(1) of Council Joint Action 98/733/JHA;
- i) has been the subject of a conviction for corruption, as defined in Article 3 of the Council Act of 26 May 1972 and Article 3(1) of Council Joint Action 98/742/JHA3 respectively;
- j) has been the subject of a conviction for fraud within the meaning of Article 1 of the Convention relating to the protection of the financial interests of the European Communities;
- k) has been the subject of a conviction for money laundering, as defined in Article 1 of Council Directive 91/308/EEC of 10.6.1991 on prevention of the use of the financial system for the purpose of money laundering. Statement confirming that items (a) to (k) do not apply.

Please remember to email this response to [procurement@semlep.com](mailto:procurement@semlep.com) before the deadline specified in Timescales.

**END OF REQUEST FOR QUOTATION BRIEF**