Crown
Commercial
Service

Buyer Needs

RM6120 Leasing and Loans Finance DPS

Dynamic Purchasing System Agreement

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1. Introduction

1.1 Customer Needs Statement

Crown Commercial Service (CCS) is seeking to establish a Dynamic Purchasing Agreement (DPS) for the provision of Leasing and Loan Finance for all UK central government departments, wider public sector organisations and charities as listed in the Contract Notice for RM6120 – Leasing and Loans Finance DPS.

This RM6120 – Leasing and Loans Finance DPS Agreement will be managed by CCS and any contract(s) awarded under this DPS Agreement will be managed by individual Customers.

The intended duration period of the RM6120 DPS Agreement is for 4 years, 48 months. There is an optional extension period of up to 4 years. In the event that the RM6120 DPS Agreement is terminated, CCS shall give the Supplier no less than three (3) Months written notice. CCS acknowledges that RM6120 DPS Agreement will not be terminated within the initial first two (2) months from the commencement date.

Customers may enter into a contract with you for a period of their determining, which may exceed the duration of the RM6120 DPS Agreement.

The flexibility of the contracting period allows the customer to determine appropriate contracting timelines required in order that the supplier can meet the needs of the customer for large and complex projects.

1.2 The Opportunity

The RM6120 – Leasing and Loans Finance DPS Agreement will provide central government departments and wider public sector organisations and charities with the opportunity to procure a range of Leasing and Loan Finance arrangements for the purpose of an asset acquisition via a comprehensive number of suppliers.

Upon application to join the RM6120 DPS Agreement, bidders are required to indicate which categories and services they are able to bid for. It is therefore essential that bidders select the exact elements relevant to their service offering in order to be invited to the relevant competitions.

Customers will use the filters as detailed in Attachment 1 – Leasing and Loans Finance DPS Filter Matrix, to short-list appointed suppliers offering their service requirements and invite them to competition.

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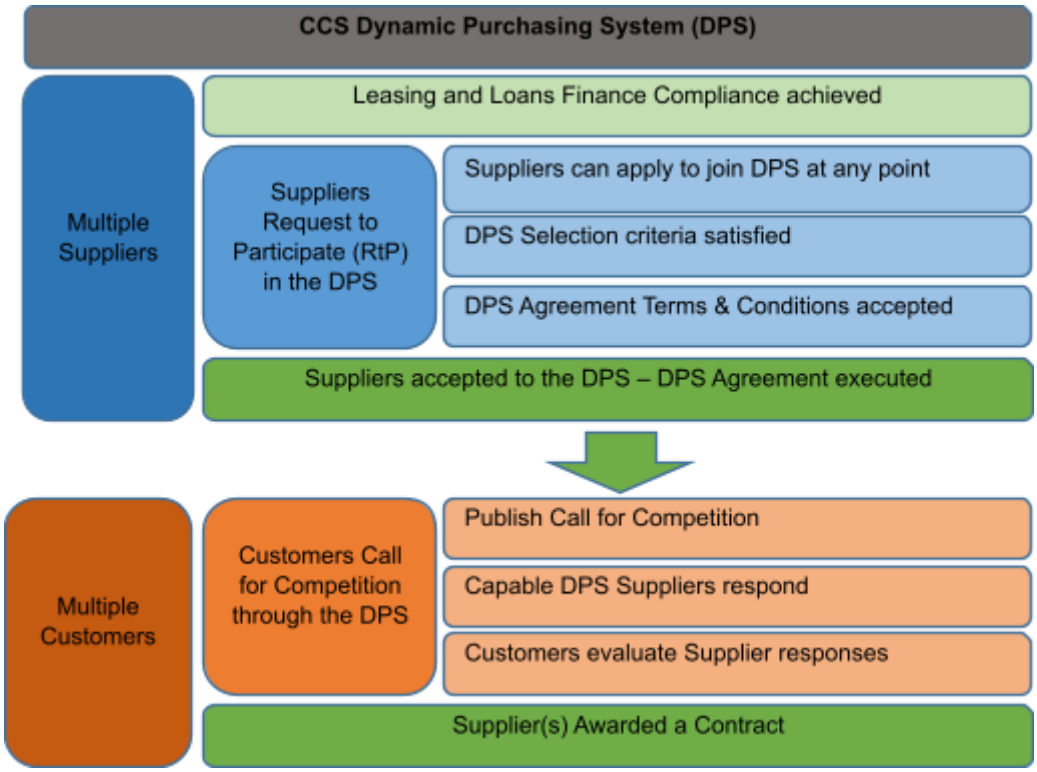
What is a Dynamic Purchasing System (DPS)?

A DPS is a public sector sourcing tool for common goods and services under regulation 34 (Dynamic Purchasing Systems) of the PCR 2015. Bidders can apply to join at any point and don't require any special IT equipment as a DPS eliminates unnecessary activity for the bidder, up front:



How will the services within the DPS for RM6120 – Leasing and Loans Finance DPS be organised?

The RM6120 DPS will be organised into distinct categories so:

Bidders can indicate all elements relevant to their service offering, and

Customers can filter the elements to produce a shortlist of appointed suppliers to invite to a competition.

The four (4) distinct categories comprise of:

- Funding Type
- Customer Type
- Asset Class
- Engagement Size

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Full details of the four (4) distinct categories and the sub-categories can be found at Attachment 1 – Leasing and Loans Finance DPS Filter Matrix and in DPS Schedule 1 (Specification).

Who are the Customers of the RM6120 – Leasing and Loans Finance DPS Agreement?

The RM6120 – Leasing and Loans Finance DPS Agreement will be available to all central government and wider public sector customers as listed in the Contract Notice, including but not limited to the following:

Central Government:

- Environment
- Defence
- Other Central Government

Wider Public Sector:

- Education
- Fire and Rescue
- Health
- Local Government
- Not for Profit (Charitable)
- Police
- Housing Association

Other Wider Public Sector

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What are the benefits of the RM6120 – Leasing and Loans Finance DPS Agreement?

- Simpler, quicker process – accessible for both SMEs and other suppliers seeking opportunities to provide services to the public sector.
- Automated, electronic process – streamlined electronic process.
- Flexible - new bidders can apply to join at any point.
- Choice - increased scope/scale of service offerings and access to public sector business.
- Filtering of supplier offering - ensures suppliers receive notifications of competitions that are relevant to their service offering.
- Dynamic – Customers can create bespoke specifications, competitions and contracts.
- Savings – drives savings through the 'Call for Competition' procedure.
- Efficiencies – reduces Customers costs and process cycle time
- Option to access funding directly from lenders to reduce costs for customer
- Option for an appointed Leasing Advisor to run the DPS further competition to save time and resource and for more advantageous outcomes on complex projects.

1.3 The current situation

This RM6120 – Leasing and Loans Finance DPS Agreement is a new offering from CCS. At present CCS does not have any commercial offerings associated with the provision of funding for Lease and Loans Finance. CCS has an associated framework which provides advisory services, the Leasing Advisory Framework RM6146. Leasing Advisors appointed through the Framework (RM6146) can access the DPS RM6120, to acquire funds, acting as an agent on behalf of a customer.

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2. Specification (Schedule 1 Part A Goods and/or Services)

2.1 Our priorities

The key priority of this agreement is to deliver a commercial route to a comprehensive range of funding options from a diverse choice of Suppliers. CCS's priority is to promote best practice of Leasing and Loans Finance across the public sector, achieving best value for money for the public sector which focuses on the cost of an asset over the lifetime of the agreement.

2.2 Scope

2.2.1. RM6120 Leasing and Loans Finance DPS will offer funding for assets which have been, or will be, acquired through either a leasing or loan arrangement. The DPS will feature four distinct Filter Categories.

- Funding Type
- Customer Type
- Asset Class
- Engagement Size

2.2.2. The Supplier shall offer services directly to Contracting Authorities and/or to the Leasing Advisors appointed to act as Agents on behalf of Contracting Authorities.

2.2.3. The Supplier shall provide the most appropriate and most economically advantageous option for the funding required by the Buyer or Leasing Advisor and where applicable comply with all current legislation.

2.3. Key Service Requirements

The Supplier must offer one or more options for each of the four Filter Categories. There is no limit to the number of options the Supplier can choose to offer under each of the Filter Categories.

2.3.1. Filter Category one: Funding Type

The Supplier must offer one or more of the arrangements listed:

- Hire Purchase (HP) – an arrangement to acquire an asset where the Buyer will pay an initial deposit followed by instalments of payments over an agreed period of time. The Buyer repays the balance of the price of the asset plus interest over a period of time; these instalments are known as Hire Charges. The Buyer will become the owner of the asset at the end of the agreement providing all Hire Charges have been paid.

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- Finance Lease - the Buyer will pay rental charges to the Supplier for the term of the arrangement. A primary lease period will be agreed at the outset. The rental charges paid during the primary lease period will cover the original cost of the asset. The Supplier is the legal owner of the asset for the duration of the lease.
  There will be three options for how to proceed at the end of the primary lease period:
  - Option 1: The lease period can be extended for successive periods of twelve months, provided that the Buyer has met all payment obligations. Rental charges paid during the secondary rental period should be nominal as the original cost of the asset has been paid for during the primary lease period. The leasing of the Equipment through extension periods should not exceed the expiry of the useful economic life of the Equipment.
  - Option 2: The Buyer sells the asset, acting on behalf of the Supplier. In this instance the Buyer may be entitled to a rebate of Lease rentals.
  - Option 3: The asset is returned to the Supplier to be sold. In this instance the Buyer may be entitled to a rebate of Lease rentals.
- Operating Lease - the Buyer will pay rental charges to the Supplier for the term of the arrangement. The Supplier permits the Buyer to use the asset for a period of time, which is shorter than the economic life of the asset. The Supplier is the legal owner of the asset for the duration of the lease and will retain the asset when the agreement expires.
- Sale and Leaseback - an arrangement where an asset can be sold and the asset can then be leased back from the purchaser by the previous owner. If a Supplier chooses to offer Sale and Leaseback as a service through the DPS, they must also choose to offer Operating Lease and/or Finance Lease as an additional Funding Type. This is necessary to complete the Leaseback of this arrangement. If Sale and Leaseback is selected for Filter Category one: Funding Type, the user must also select from a sub-level filter which will offer two options, Operating Lease and Finance Lease. If an Operating Lease is selected, the return conditions applicable to the Asset Class selected would also apply (see 2.3.3. for further details).
- Secured Loan - a secured loan is a loan in which the Buyer pledges the asset as collateral for the loan, which then becomes a secured debt owed to the creditor who provides the loan.

The selection made by the Buyer or Leasing Advisor for Filter Category one: Funding Type will determine the lease schedule added to the call-off contract. There is a DPS Order Schedule for each Funding Type. The corresponding schedule must be used in the call off agreement:

- DPS Order Schedule 24 - Hire Purchase Terms

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- DPS Order Schedule 25 - Finance Lease Terms
- DPS Order Schedule 26 - Operating Lease Terms
- DPS Order Schedule 27 - Sale Terms (to complete a Sale and Leaseback this schedule will be supplemented by either DPS Order Schedule 25 - Finance Lease Terms or DPS Order Schedule 26 - Operating Lease Terms, depending on the Lease arrangement selected by the Buyer or Leasing Advisor. If an Operating Lease is selected, return conditions will also apply, see 2.3.3 for further details)
- DPS Order Schedule 28 - Loan Terms

2.3.2. Filter Category two: Customer Type

The Supplier shall offer to provide funding to one or more of the customer groups listed:

- Central Government
- Ministry of Defence
- Local Authorities
- Health
- Education
- Other - such as Charities, VCSE's etc

2.3.3. Filter Category three: Asset Class

The asset the Buyer is requesting funding for the acquisition of will fall into one of the thirteen asset classes listed below. The Supplier shall offer to provide funding for one or more of the asset classes listed:

- Manufacturing and Production Equipment
- Construction Equipment
- Energy Equipment, Heating Ventilation & Air Conditioning (HVAC) and Lighting
- Plant & Heavy Machinery
- Transportation Equipment
- Refuse Trucks and Equipment
- Communications Equipment
- ICT and Technology
- Audio Visual Equipment
- Office Furniture and Equipment
- Medical Equipment (Portable & non-portable)
- Fitness Equipment including gym, synthetic sports pitches
- Other

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If the Buyer or Leasing Advisor has selected an Operating Lease as the Funding Type, the selection made by the Buyer or Leasing Advisor for Filter Category three: Asset Class will determine the return conditions schedule added to the call-off contract. (If the Buyer or Leasing Advisor has selected any Funding Type other than Operating Lease, there will not be a requirement for a Return Condition Schedule.) There is a DPS Order Schedule for each Asset Class. The corresponding schedule must be used in the call off agreement for an Operational Lease:

- DPS Order Schedule 29 - Return Conditions for Manufacturing and Production Equipment
- DPS Order Schedule 30 - Return Conditions for Construction Equipment
- DPS Order Schedule 31 - Return Conditions for Energy Equipment, HVAC and Lighting
- DPS Order Schedule 32 - Return Conditions for Plant and Heavy Machinery
- DPS Order Schedule 33 - Return Conditions for Transportation Equipment
- DPS Order Schedule 34 - Return Conditions for Refuse Trucks and Equipment
- DPS Order Schedule 35 - Return Conditions for Communications Equipment
- DPS Order Schedule 36 - Return Conditions for Audio Visual Equipment
- DPS Order Schedule 37 - Return Conditions for ICT and Technology
- DPS Order Schedule 38 - Return Conditions for Office Furniture and Equipment
- DPS Order Schedule 39 - Return Conditions for Medical Equipment
- DPS Order Schedule 40 - Return Conditions for Fitness Equipment
- Other - terms will be subject to engagement between the Buyer, the Supplier and/or Leasing Advisor at call-off. Return Conditions can be specified as special terms in the Equipment Order Form.

2.3.4. Filter Category four: Engagement Size

The engagement size is the value of the funding requested by the Buyer. The Supplier must provide funding for one or more of the engagement sizes listed:

- £2,000 - £10,000
- £10,001 - £25,000
- £25,001 - £50,000
- £50,001 - £100,000
- £100,001 - £500,000
- £500,001 - £1,000,000
- £1m - £2m
- £2m - £5m
- £5m+

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2.4. Award Procedure

2.4.1. Further Competition will be the only award procedure for this DPS.

2.4.2. A list of suitable Suppliers will be produced by the DPS depending on the filter options selected by the Buyer or Leasing Advisor. Listed Suppliers will be invited to Further Competition.

2.4.3. Suppliers will only be listed for an invitation to Further Competition if they have chosen to provide the filter options which have been selected by the Buyer or Leasing Advisor.

2.4.4. The DPS will direct the Buyer or Leasing Advisor to the applicable schedules for their selection of Funding Type and Asset Class. These schedules will supplement the Public Sector Contract (PSC) for their call-off contract.

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ANNEX A – Glossary

Term	Definition
Leasing Advisor	A Leasing Advisor who has been appointed on behalf of a Public Sector Buyer through a call-off contract on CCS framework RM6146 Leasing Advisory Services.

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