**NORTH EAST FINANCE (HOLDCO) LIMITED**

**NORTH EAST FINANCE (SUBCO) LIMITED**

**NORTH EAST TECHNOLOGY (GP) LIMITED**

**PROCUREMENT OF LEGAL SERVICES 2020-2024**

**TENDER REFERENCE NEF2020.002**

**OJEU ref: 2020/S 183-443173**

**SEPTEMBER 2020**

Third Floor

Baltimore House

Abbots Hill

Gateshead NE8 3DF

1. **INTRODUCTION**

The Contracting Authority is **North East Finance (Holdco) Limited** (referred to as ‘North East Finance’) registered office 3rd Floor, Baltimore House, Abbots Hill, Gateshead NE8 3DF.

**North East Finance** is the holding fund manager for the Finance for Business North East (‘FBNE’) Fund, which invested £160m in North East SMEs between 2010 and 2016.

FBNE operated through six sub-funds managed by independent venture capital fund managers. North East Finance has fully repaid its loan from the European Investment Bank and the ongoing emphasis is on the generation of a cash legacy from the portfolio to fund future investment programmes in the region. As such, fund management arrangements have been streamlined and a number of the original limited partnerships have been dissolved. Oversight of part of the original portfolio is now carried out in-house with the support of regulated investment advisers. North East Finance also benefits from the expertise of a Board and Advisory Panel composed of seasoned venture capital and private equity professionals, as well as a highly experienced executive team.

The contract will cover work for North East Finance and its two subsidiaries North East Finance (Subco) Limited and North East Technology (GP) Limited, each of which hold some of the assets of the FBNE Fund. North East Finance (Subco) Limited is authorised and regulated by the Financial Conduct Authority.

The parent company of North East Finance is North East Access to Finance Limited (‘**NEA2F**’) and although NEF has full autonomy in investment matters, NEA2F staff provide professional and administrative and compliance support to North East Finance. The two companies have independent Boards and accountability and have retained separate arrangements for procuring legal services.

1. **INVITATION TO TENDER**

We are inviting tenders from law firms to provide legal services to North East Finance and its two subsidiaries as above. The contract will be for **four years commencing November 2020**.

The **specification of requirements** is set out in section 3 below with details of **information to be provided** at section 4. The process for submitting and evaluating bids is in sections 5 to 7.

**Enquiries and clarification requests** should be addressed to [james.arkless@nea2f.co.uk](mailto:james.arkless@nea2f.co.uk).

1. **SPECIFICATION**

We are looking for a legal adviser to support the Chief Executive, the Company Secretary and the Board of North East Finance. This will include ensuring that the companies comply with their legal and regulatory requirements, as well as giving advice on general commercial issues as they arise.

Most of our funds have been supported by the **European Regional Development Fund** and bidders must demonstrate a clear understanding of the regulatory requirements for ERDF.

**Specific areas of work** where bidders should demonstrate specialist expertise include:

* Private equity and venture capital, including financial services regulatory issues
* Limited Partnership structures, related legal agreements and obligations
* European structural funding, including advice on compliance with ERDF Regulations, the terms of ERDF funding agreements and the requirements of stakeholders
* State Aid advice relating to publicly funded bodies delivering venture capital funds, including the practical application of GBER, the Risk Capital Guidelines and the Market Economy Operator Principle
* Procurement, including all aspects of the OJEU procurement process, sub-OJEU procurements and the interpretation and application of procurement law
* Other legal/regulatory issues relating to public sector economic interventions.

**General commercial advice** will also be required on a range of matters including:

* Corporate advice, supporting the Company Secretary on corporate governance issues
* Contractual issues relating to funding agreements and fund management contracts
* Investment transactions, including asset sales/ exits from equity holdings in SMEs, follow on investments and general shareholder matters relating to portfolio businesses
* Support for team members in their capacity as directors or observers on the boards of portfolio companies
* Employment issues, new legislation and any disputes
* Prospective litigation, including debt recovery
* Data security and GDPR.

1. **INFORMATION TO BE PROVIDED**

Please describe how you would deliver the services set out in the specification. This should include details of your firm’s **relevant specialist expertise**, which is a key focus in the selection process. You should specify who would be the **main client contact**(s) and how you would manage client relationships. Please also give details of the rest of the proposed team, their **roles, experience and track record**. Brief CVs of key team members should be included.

Bidders are asked to provide **hourly rates** for delivering the services specified. For purposes of comparison, we will look at ‘headline rates’ for Partners and Associates. We will assume these are fixed for the 4 years unless you state otherwise. You may wish to include a fuller breakdown of rates for other fee-earners but these headline rates will be used for scoring the bids. We would anticipate that, for each project or instruction, **we would agree a fee quote with you in advance**, based on the rates stated in your tender.

1. **TENDER SUBMISSION AND EXPRESSIONS OF INTEREST**

**Tenders should if possible be limited to 15 pages of A4**, and should be submitted by email to [james.arkless@nea2f.co.uk](mailto:james.arkless@nea2f.co.uk), with ‘TENDER: NEF2020.002’ in the header.

The closing date is **12.00 noon on Thursday 22 October 2020****.**

Firms wishing to bid **may provide an expression of interest**, with contact details, by emailing [james.arkless@nea2f.co.uk](mailto:james.arkless@nea2f.co.uk). Any additional information will be circulated to interested parties.

1. **CONFIDENTIALITY AND TRANSPARENCY**

To ensure a transparent process, no approach should be made to anyone associated with North East Finance in connection with this tender, outside of the formal process.

You must not disclose details of your tender to other interested parties and you must not try to obtain information about anyone else’s tender before the contract is awarded.

1. **EVALUATION OF TENDERS**

**Selection conditions**

Bidders must be accredited full service law firms, with an appropriate level of PI insurance, details of which should be provided.

Subject to satisfying these pre-conditions, bids will be evaluated using the award criteria and scoring principles set out below.

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| **Award criteria** | **Max score** |
| 1. Demonstration of specialist expertise as detailed in section 3 in relation to venture capital funds, Limited Partnerships, EU structural funds, funding contracts, fund management agreements, procurement and State Aid | **35** |
| 1. Understanding of the requirements of the contract and evidence of the ability of the firm and named individuals to deliver the full range of services required to a high standard | **35** |
| 1. Price and value for money | **30** |

**Scoring principles for criteria 1 and 2**

* Excellent: easily exceeds the requirements of the contract: 35 marks
* Very strong: meets all contract requirements to a high standard: 30 marks
* Strong: meets most contract requirements to a high standard: 25 marks
* Good: meets all contract requirements to an acceptable standard: 20 marks
* Adequate: meets most contract requirements to an acceptable standard: 15 marks
* Unacceptable: unable to meet contract requirements to an acceptable standard: Nil.

**Scoring for price**

We will score price based on an average of the headline rates given for Partner and Associate only (see section 4). The lowest priced bid will score the maximum 30 points and other bidders’ scores will be reduced in proportion to the additional cost.

**Interviews**

We do not expect to hold interviews, but if we necessary we reserve the right to seek clarification from bidders on key issues before finalising scores.

**September 2020**