

## Invitation to Tender (ITT):

### Levy Collection Services

|           |   |
|-----------|---|
| Reference | Levy Collection Services<br>(Our reference FRC2023-034) |
| Date      | February 2024   |

## 1 Background

The purpose of the Financial Reporting Council (FRC) is to serve the public interest by setting high standards of corporate governance, reporting and audit and by holding to account those responsible for delivering them.

Delivering on our purpose will bring a variety of benefits summarised in the following diagrams. Our direct stakeholders include companies, institutional investors, auditors, actuaries, accountants and their respective professional bodies. Our indirect stakeholders include retail shareholders, suppliers, employees, customers, communities, pensioners and savers, and financial institutions, all of whom have an interest in the health of companies and other organisations within our regulatory scope and in the success of the UK corporate sector as a whole.



The FRC is a public body, and a partner body of the Department of Business and Trade (DBT). Although funded by levies, not by the taxpayer, the FRC is subject to public sector financial requirements and engages closely with other regulators and public bodies.

To support the FRC's plan and act in the public interest the FRC's core objectives are to:

- Set high standards in corporate governance and stewardship, corporate reporting, auditing and actuarial work, and assess the effectiveness of the application of those standards, enforcing them proportionately where it is in the public interest.
- Promote improvements and innovation in the areas for which we are responsible, exploring good practice with a wide range of stakeholders.
- Influence international standards and share best practice through membership of a range of global and regional bodies and incorporate appropriate standards into the UK regulatory framework.
- Promote a more resilient audit market through greater competition and choice.
- Develop our organisation as a respected, independent, and high-performing regulator; trusted to deliver best-in-class public interest outcomes.

## 2 Project Requirements

### 2.1 Purpose & Background

By agreement with DBT and HM Treasury, the FRC is part funded through non-statutory levies imposed on organisations that directly or indirectly benefit from the activities / functions of the FRC.

The Companies Act 2004 provides reserve powers for the Government to make the levy statutory, should the voluntary levies fail to operate effectively. These powers have not been used.

Further information on the FRC's funding can be found: -

<https://www.frc.org.uk/about-the-frc/funding>

This procurement activity seeks to engage an organisation to collect levy fees on the FRC's behalf.

The contract will be awarded for three years from 1st June 2024 with an option to extend by a further twelve months.

### 2.2 Scope overview

The FRC's collection agent collects levies from:

- UK companies listed on the London Stock Exchange
- Alternative Investment Market (AIM Market)
- Companies listed on AQUIS Market with an equity share listing.
- Large private companies with a turnover of £500m or more.
- Public sector organisations.
- Pension schemes that have 5,000 members or more.

The above entities are invoiced annually between May and August. The Levy amount varies upon entity type and size with an expected total annual revenue generated between £5,000,000 and £7,000,000.

Invoices are emailed where emails are provided. Where we do not have an email address the invoice is sent by post.

(In addition to these arrangements, the FCA collect levies on the FRC's behalf from listed companies and their large private subsidiaries, and from insurers.)

The services required from the collection agent include but are not limited to the following:

- An awareness of the Financial Reporting Council (<https://www.frc.org.uk/>) and Managing Public Money

[https://assets.publishing.service.gov.uk/media/64c383ccf92186001486670d/Managing\\_Public\\_Money\\_-\\_May\\_2023\\_.pdf](https://assets.publishing.service.gov.uk/media/64c383ccf92186001486670d/Managing_Public_Money_-_May_2023_.pdf) principles is desired.

The successful tenderer will provide the following Administration Collection Services to the FRC:

|  |  |
|--|--|
| <b>Issuing and sending all invoices to all Levy Payers</b> | Invoices will be issued between May and August of each year based on the calculations and data provided by the FRC. The timely issue and sending of invoices and collection of payments is crucial in order to facilitate efficient cash-flow management.  |
| <b>Reminders and Chasers</b>                               | Sending out of Reminders: <ul style="list-style-type: none"> <li>• send a reminder to customers a week before payment is due.</li> <li>• Send out payment reminders by post and email and make phone calls to collect payment as soon as payment falls due. These are-20 days, 30 days, 60 days.</li> <li>• Send customer statements by post and/or email quarterly to all Levy payers.</li> </ul> |
| <b>Payment request enquiries</b>                           | Follow up on payment requests by phone, email, letters. This will require staff making the calls to make clear the non-statutory basis on which the levy is collected, making the case for payment in a professional manner. Queries should be followed up within 48 hours of receipt.   |
| <b>Reconciliation of Levies received</b>                   | Daily banking reconciliation during the busy collection months of May and August   |
| <b>Payments Ledger</b>                                     | A detailed payments ledger will be maintained by the successful Tenderer   |
| <b>Managing Refunds</b>                                    | Process any refunds in a timely manner, by sending the FRC the required information via email. Any duplicate payments should be picked up during the payment allocation process and managed accordingly as advised by the FRC.   |
| <b>Unallocated payments</b>                                | Unallocated payments to be traced within a 3-month timeframe by working with the FRC and the bank to trace where the payment has come from.  |
| <b>Reporting and MI</b>                                    | Weekly/monthly reporting but not limited to: <ul style="list-style-type: none"> <li>• Bank reconciliation</li> <li>• MI reporting</li> </ul>   |

|                                       |  |
|---------------------------------------|--|
|                                       | <ul style="list-style-type: none"> <li>Weekly collection summary</li> <li>Ad-hoc reports</li> <li>Monthly banking reconciliation report</li> </ul>   |
| <b>Operation and Customer Service</b> | <ul style="list-style-type: none"> <li>Operate a query management and business hours helpline 5 days a week. Queries can be taken by telephone calls and emails.</li> <li>Portal service access to your system preferred, where customer contact details can be stored and updated. Contacts should be updated where required by searching online for finance contacts.</li> </ul> |

An estimate of the number of invoices that need to be generated is as follows:

| <b>Levy Type</b> | <b>Organisation Type</b>            | <b>No. of entities</b> |
|------------------|-------------------------------------|------------------------|
| Preparers Levy   | AIM Listed Companies                | 700                    |
| Preparers Levy   | AQUIS Listed Companies              | 100                    |
| Preparers Levy   | Large Independent Private Companies | 800                    |
| Preparers Levy   | Public Sector Organisations         | 700                    |
| Pension Levy     | Pension Schemes                     | 800                    |

### 2.3 Key deliverables (and anticipated benefits)

SLAs and KPIs can be agreed going forward but project wide SLAs would be that all levy payers are invoiced once per year for the appropriate amount with a minimum of 3 emails and 2 attempted phone calls made to all non-payers. KPIs to be included in the monthly reporting.

### 2.4 Liaison arrangements

Bi-weekly Teams meetings during the busy periods where you will update and report to FRC Finance with the following information:

- Time spent on FRC Collection Services, including number of staff.
- How many staff dedicated to each task ie, invoicing, post, incoming queries, outgoing emails and calls, reporting.
- Number of calls, emails received. Number of calls made, emails sent, letters posted.
- Summary of collections to date
- Summary of outstanding collections
- Summary of key non-payers or late payers and their reasons
- Summary of the queries received by phone, post and email
- Any other information as the FRC may request.

## 2.5 Cost

The tenderer should provide a fee for the Services. You should provide a clear breakdown of costs.

## 2.6 Your tender response

You should submit one proposal (using the provided Tender response document) addressing how you meet / propose to meet the FRC's Requirements.

| <b>Conflict of Interest<br/>Pass/Fail</b>   |   |
|---|---|
| <b>Our Requirement</b>  | <b>You should state whether as the proposed supplier you</b>  |
| The FRC observes the highest standards of impartiality, integrity and objectivity in relation to undertaking our business activities. | <p>represents and warrant that a conflict of interest check has been carried out and that check revealed no conflicts of interest</p> <p>OR</p> <p>the following conflict exists .....and the proposal to manage / mitigate this conflict of interest is.....</p> |
| <p>Please note:<br/>The FRC reserves the right decline (i.e not progress the proposals of suppliers) that fail this section.</p>      |   |

|    | <b>Our Requirement</b>  | <b>You should demonstrate</b>  | <b>Weighting</b> |
|----|---|--|------------------|
| 1  | The FRC seeks to collect the levy payments promptly and to collect the maximum levy payment (i.e. all payee / the full amount). | How your organisation will devise and implement a Levy Collections policy that will facilitate the achievement of the FRC's aims (considering necessary workflows, industry standards, Managing Public Money and professional practices).                      | 10%              |
| 1a | Whilst the FRC aims for 100% levy collection we acknowledge this is an ambition target. The successful suppliers should         | How your organisation will seek to ensure that at least the minimum levy is collected. Your response may include any proposed approaches to prioritization collections based on the level of risk associated with a customer/collection and legacy collection. | 5%               |

|   |  |  |     |
|---|--|--|-----|
|   | evidence commitment to achieving a high level of the annual collection amount  |  |     |
| 2 | The FRC's expectation is the successful supplier will utilise transferrable skills, knowledge and experience to undertake efficient processes to deliver the requirement.                      | How using no more than a 7-step process what the proposed levy collection process(es) will look like, and the key benefits of each element of the process. Your response should make clear whether the processes are manual or automated.  | 20% |
| 3 | The FRC's expectation is the successful supplier will utilise transferrable skills, knowledge and experience to effectively administer the levy and manage the account / relationship.         | how you will manage the FRC Account including managing the relationship / liaison arrangements.<br>Your response should include<br><br>key personnel / continuity of resource(s)<br>escalation arrangements<br>sample of Management Information (MI) report<br>Portal service / key benefits / functions     | 15% |
| 4 | The management of the monies collected is critically important, the FRC expect a highly controlled quality approach in this area.  | The approach/methodology proposed relating to bank reconciliation, duplicate payments, and refunds.  | 10% |
| 5 | The FRC have stated that SLAs would be :- all levy payers are invoiced once per year for the appropriate amount with a minimum of 3 emails and 2 attempted phone calls made to all non-payers. | How you have used and will use Key Performance Indicators and Service Level Agreement to provide additional benefit to the FRC.<br>Your response should include the proposed approach to continuous improvement, identifying opportunities to further improve the efficiency, effectiveness and performance. | 10% |

|   |      |  |     |
|---|------|--|-----|
| 6 | Cost | Your proposal must <ul style="list-style-type: none"> <li>Provide a clear breakdown of costs.</li> </ul> | 30% |
|---|------|--|-----|

## 2.7 Tender evaluation –

Bids will be scored on your ability to meet our requirements using the scoring approach: -

| Score | Criteria for awarding score   |
|-------|---|
| 0     | <b>Unacceptable</b><br>Does not satisfy any part of the requirement. Does not comply with and/or insufficient information provided to demonstrate that the bidder has the ability, understanding, experience, skills, resource and quality measures required to provide the services, with little or no evidence to support the response.   |
| 25    | <b>Poor</b><br>Satisfies only minor aspects of the requirement. Or can carry out some or all of the required services but not to a sufficient standard. Strong concerns over relevant ability, understanding, experience, skills, resource, and quality measures required to provide the services.  |
| 50    | <b>Fair</b><br>Satisfies part of the requirement only, not the full requirement. Or can carry out all required services but not to a sufficient standard. Minor Concerns over relevant ability, understanding, experience, skills, resource, and quality measures required to provide the services.   |
| 75    | <b>Good</b><br>Satisfies the requirement, with minor additional benefits. Supplier has the relevant ability, understanding, experience, skills, resource and quality measures required to provide the services, but the supplier has also provided relevant innovative methodology, or relevant added value services which will directly enhance the service required, giving minor additional benefit to FRC.      |
| 100   | <b>Excellent</b><br>Satisfies the requirement, with major additional benefits. Supplier has the relevant ability, understanding, experience, skills, resource and quality measures required to provide the services, but the supplier has also provided relevant innovative methodology, or relevant added value services which will directly enhance the service required, giving major additional benefit to FRC. |

## Questions & Clarifications

- Tenderers may raise questions or seek clarification regarding any aspect of this further competition at any time prior to the tender clarification deadline.
- Tenderers may raise questions or seek clarification within the timeframe by sending questions to [procurement@frc.org.uk](mailto:procurement@frc.org.uk) in the following format.

| Nature of query / clarification | Query / Clarification |
|---------------------------------|-----------------------|
|                                 |                       |



- FRC will not enter into exclusive discussions regarding the requirements of this ITT with tenderers.
- To ensure that all tenderers have equal access to information regarding this tender opportunity, FRC will publish all its responses to questions raised by Tenderers on an anonymous basis.
- Responses will be published in a questions and answers document to all Tenderers who have indicated that they wish to participate.

### **Tender process timeline**

| <b>DATE/TIME</b>         | <b>ACTIVITY</b>  |
|--------------------------|--|
| 01/02/2024               | Publication of the Invitation to Tender  |
| 13/02/2024 by 12.00 noon | Supplier's Deadline to submit clarification questions  |
| 19/02/2024               | FRC's Deadline for publication of responses to clarification questions<br>FRC will endeavour to meet this deadline     |
| 04/03/2024 by 12.00 noon | Deadline for supplier submission of tender to the FRC.   |
| w/c 18/03/2024           | (if required) Shortlisted suppliers advised  |
| w/c 25/03/2024           | Supplier tender clarification session if required<br>Provisionally Wednesday 27 <sup>th</sup> March 9.30am – 12.00noon |
| w/c 01/04/2024           | Tender Outcome / Standstill period   |
| Around Mid April         | Contract signed  |
| June 2024                | Contract commencement  |

### **3. Conduct**

- 3.1.1. The tenderer must not communicate to any person the tender price, even approximately, before the date of the contract award other than to obtain, in strict confidence, a price for insurance required to submit the tender.
- 3.1.2. The tenderer must not try to obtain any information about any other person's tender or proposed tender before the date of the contract award.
- 3.1.3. The tenderer must not make any arrangements with any other person about whether or not they should tender, or about their tender price.
- 3.1.4. The tenderer must not offer any incentive to any member of FRC's staff for doing or refraining from doing any act in relation to the tender.
- 3.1.5. If the tenderer engages in any of the activities set out in this paragraph or if FRC considers the tenderer's behaviour is in any way unethical the FRC reserves the right to disqualify the tenderer from the procurement.

- 3.1.6. The tenderer represents and warrants that a conflicts of interest check has been carried out, and that check revealed no conflicts of interest.
- 3.1.7. Where a conflict of interest exists or arises or may exist or arise during the procurement process or following contract award the tenderer must inform the FRC and submit proposals to avoid such conflicts.
- 3.1.8. Tenderers must obtain for themselves at their own responsibility and expense all information necessary for the preparation of tenders. The FRC is not liable for any costs incurred by the tenderer as a result of the tendering procedure. Any work undertaken by the tenderer prior to the award of contract is a matter solely for the tenderer's own commercial judgement.

#### **4. Due Diligence**

- 4.1.1. While reasonable care has been taken in preparing the information in this ITT and any supporting documents, the information within the documents does not purport to be exhaustive nor has it been independently verified.
- 4.1.2. Neither FRC, nor its representatives, employees, agents or advisers:
- makes any representation or warranty, express or implied, as to the accuracy,
  - reasonableness or completeness of the ITT and supporting documents; or
  - Accepts any responsibility for the adequacy, accuracy or completeness of the information contained in the ITT and supporting documents 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.
- 4.1.3. It is the tenderer's sole responsibility to undertake such investigations and take such advice, including professional advice, as it considers appropriate in order to make decisions regarding the content of its tenders and in order to verify any information provided to it during the procurement process and to query any ambiguity, whether actual or potential.
- 4.1.4. It is a requirement that the successful supplier (i) comply with all applicable laws and regulations including, without limitation, the Bribery Act 2010, the Equality Act 2010 and the Modern Slavery Act 2015; and (ii) in addition to any contractual requirement(s), inform the FRC immediately upon becoming aware of any event (including actual or threatened court proceedings) which may impact upon the reputation of the FRC, whether or not connected with the Supplies and/or Services.

## 5. Submitting a Tender

- 5.1.1. Tenderers must submit their tender response within the deadline to [procurement@frc.org.uk](mailto:procurement@frc.org.uk).
- 5.1.2. Where a Tender Response Template is provided, potential providers must align their tender response with that format.
- 5.1.3. A Tender must remain valid and capable of acceptance by the Authority for a period of 90 days following the Tender Submission Deadline. A Tender with a shorter validity period may be rejected.

## 6. Evaluation

- 6.1.1. FRC will award the contract on the basis of the tender which best meets the evaluation criteria aligned to the requirements.

## 7. Acceptance of Tender & Notification of Award

- 7.1.1. FRC reserves the right to amend, add to or withdraw all or any part of this ITT at any time during the procurement.
- 7.1.2. FRC shall not be under any obligation to accept the lowest price tender or any tender and reserves the right to accept such portion or portions as it may decide, unless the tenderer includes a formal statement to the contrary in the tender. FRC also reserves the right to award more than one contract to fulfil the requirement.
- 7.1.3. The tenderer will be notified of the outcome of the tender submission at the earliest possible time.
- 7.1.4. Where the procurement process is subject to EU public procurement directives, a minimum standstill period of 10 calendar days will apply between communicating the award decision electronically to tenderers and awarding the contract.
- 7.1.5. Nothing in the documentation provided by FRC to the tenderer during this procurement or any communication between the tenderer and FRC or FRC's representatives, employees, agents or advisers shall be taken as constituting an offer to contract or a contract. No tender will be deemed to have been formally accepted until the successful tenderer has received a formal contract award letter from FRC.

## 8. Additional Information

- Tenderers must not undertake any publicity activity regarding the procurement within any section of the media.
- The FRC reserves the right to take up references. You may be required to provide references in the Tender Response Document / upon request. References must be relevant to the FRC requirement and to the last five years.
- Please use the attached Tender Response Document for your reply.
- The Terms and Conditions will apply to this proposed Agreement are contained in the Tender Response document and should be accepted with no material changes.