

Invitation to Quote

Invitation to Quote (ITQ) on behalf of Innovate UK

Subject: Innovate UK PS17179 Loans Administration Service

Sourcing reference number: PS17179

UK Shared Business Services Ltd (UK SBS)
www.uksbs.co.uk

Registered in England and Wales as a limited company. Company Number 6330639.
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VAT registration GB618 3673 25
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UKSBS
Shared Business Services

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Section 1 – About UK Shared Business Services

Putting the business into shared services

UK Shared Business Services Ltd (UK SBS) brings a commercial attitude to the public sector; helping Contracting Authorities improve efficiency, generate savings and modernise.

It is our vision to become the leading service provider for Contracting Authorities for of shared business services in the UK public sector, continuously reducing cost and improving quality of business services for Government and the public sector.

Our broad range of expert services is shared by our Contracting Authorities. This allows Contracting Authorities the freedom to focus resources on core activities; innovating and transforming their own organisations.

Core services include Procurement, Finance, Grants Admissions, Human Resources, Payroll, ISS, and Property Asset Management all underpinned by our Service Delivery and Contact Centre teams.

UK SBS is a people rather than task focused business. It's what makes us different to the traditional transactional shared services centre. What is more, being a not-for-profit organisation owned by the Department for Business, Energy & Industrial Strategy (BEIS), UK SBS' goals are aligned with the public sector and delivering best value for the UK taxpayer.

UK Shared Business Services Ltd changed its name from RCUK Shared Services Centre Ltd in March 2013.

Our Customers

Growing from a foundation of supporting the Research Councils, 2012/13 saw Business, Energy and Industrial Strategy (BEIS) transition their procurement to UK SBS and Crown Commercial Services (CCS – previously Government Procurement Service) agree a Memorandum of Understanding with UK SBS to deliver two major procurement categories (construction and research) across Government.

UK SBS currently manages £700m expenditure for its Contracting Authorities.

Our Contracting Authorities who have access to our services and Contracts are detailed [here](#).

Section 2 – About the Contracting Authority

Innovate UK

The Innovate UK is the UK's innovation agency – driving innovation to boost economic growth. It works with people, companies and partner organisations to find and drive the science and technology innovations that will grow the UK economy

Innovate UK is an organisation of around 300 staff, drawn mainly from business. It works across the UK, with a head office in Swindon.

With a strong business focus, Innovate UK drives growth by working with companies to de-risk, enable and support innovation. To do this, they work to:

- Determine which science and technology developments will drive future economic growth
- Meet UK innovators with great ideas in the fields they're focused on
- Fund the strongest opportunities
- Connect innovators with the right partners they need to succeed
- Help its innovators launch, build and grown successful businesses

Since 2007 Innovate UK has committed over £1.8 billion to innovation, matched by a similar amount in partner and business funding. They have helped more than 7,600 organisations with projects estimated to add more than £11.5 billion to the UK economy and create 55,000 extra new jobs

Section 3 - Working with the Contracting Authority .

In this section you will find details of your Procurement contact point and the timescales relating to this opportunity.

| Section 3 – Contact details | | |
|-----------------------------|---|--|
| 3.1 | Contracting Authority Name and address | Innovate UK Polaris House Swindon SN2 1FL |
| 3.2 | Buyer name | Jack Noden |
| 3.3 | Buyer contact details | Professionalservices@uksbs.co.uk |
| 3.4 | Estimated value of the Opportunity | The initial duration of the contact will expire 30 th April 2020, however subject to performance and budgetary constraints the contract may be extended for a further three years (30 th April 2023). The total estimated value of this contract, including all extends is £100,000.00 |
| 3.5 | Process for the submission of clarifications and Bids | All correspondence shall be submitted within the Emptoris e-sourcing tool. Guidance Notes to support the use of Emptoris is available here. Please note submission of a Bid to any email address including the Buyer <u>will</u> result in the Bid <u>not</u> being considered. |

| Section 3 - Timescales | | |
|------------------------|--|--|
| 3.6 | Date of Issue of Contract Advert and location of original Advert | 05/10/2017 Contracts Finder |
| 3.7 | Latest date/time ITQ clarification questions shall be received through Emptoris messaging system | 11/10/2017 11.00 am |
| 3.8 | Latest date/time ITQ clarification answers should be sent to all Bidders by the Buyer through Emptoris | 12/10/2017 14.00 pm |
| 3.9 | Latest date/time ITQ Bid shall be submitted through Emptoris | 18/10/2017 14.00pm |
| 3.10 | Date/time Bidders should be | 23 rd , 24 th and 25 th of October 2017 |

| | | |
|------|--|------------|
| | available if face to face or telephone clarifications are required | |
| 3.11 | Anticipated selection and de selections of Bids notification date | 27/10/2017 |
| 3.12 | Anticipated Award date | 27/10/2017 |
| 3.13 | Anticipated Contract Start date | 08/11/17 |
| 3.14 | Anticipated Contract End date | 30/04/2023 |
| 3.15 | Bid Validity Period | 60 Days |

Section 4 – Specification

Introduction

Innovate UK is the UK's innovation agency. We know that taking a new idea to market is a challenge. We fund, support and connect innovative businesses through a unique mix of people and programmes to accelerate sustainable economic growth. To do this, we work to:

- Determine which science and technology developments will drive future economic growth
- Fund the strongest innovators in the sectors of strategic interest to the UK
- Connect innovators with the right partners they need to succeed
- Help launch, build and grow successful businesses.

Since 2007 we have committed over £1.8 billion to innovation, matched by a similar amount in partner and business funding. We have helped more than 7,600 organisations with projects estimated to add more than £11.5 billion to the UK economy and create 55,000 extra new jobs.

We are now looking to add a new lending function to our activities, which will enable companies to access a broader range of financial products to help them succeed. This will be started through a pilot innovation loans programme.

For more information visit <https://www.gov.uk/government/organisations/innovate-uk>

Aims

Innovate UK is seeking to procure a loan administrator to provide white label services to support the backend delivery of its new Innovation Loans programme during the pilot deployment phase (24 months from 1 April 2018). The programme is expected to deliver up to £50m lending to around 100-200 innovative UK businesses in this period.

The aim of the procurement is to:

- Procure the delivery of reliable and responsive loan administration;
- Ensure sufficient resource is dedicated to the administration of Innovation Loans in the pilot period

Scope

The scope is set out in “the requirements” below.

For avoidance of doubt, the Lending Administrator will not be required to:

- Undertake credit analysis or loan decisioning;
- Undertake due diligence – except such as is required for completing Know Your Customer and Anti-Money Laundering requirements;
- Pursue collections activity (over and above chasing late payments up to 90 days overdue ahead of formal demand)

Timeline

Innovation Loans expects to make the first loan commitments in February/March 2018 in advance of first drawdowns after 1 April 2018.

In advance of this, the Lending Administrator will be expected to:

- Negotiate contractual arrangements and establish SLAs;
- Support the development of processes that ensure the proper management and protection of public money; and
- Establish systems and processes (tested in BETA) ahead of go-live (1st April 2018)
- Administration to facilitate the issuing of loans (Phase One: 1st April 2018 to 30th April 2020)
- Administration for the collection of repayments on loans (Phase two: 1st May 2020 to 30th April 2020)

The Requirement:

Innovate UK is seeking to appoint a Loan Administrator to support the deployment period of its Innovation Loans pilot. Proposals are invited from institutions that can demonstrate:

- The ability to administer a portfolio of loans on behalf of a third party;
- All appropriate regulatory approvals for administering a third-party portfolio (off balance sheet);
- Suitable and established systems for making and recovering loans, fees and interest and for reconciling payments received; and
- The ability to generate and securely maintain and share current portfolio data with Innovate UK on portfolio performance at regular intervals and/or in response to ad hoc requests

Providers able to provide a secure, shared environment that allows for live (or overnight) updating of loan performance, accessible by the Innovation Loans team, are also likely to be welcomed.

Essential requirements

Phase One: 1st April 2018 to 30th April 2020 (On-Boarding of Customers)

Holding Capital

- Holding Innovate UK Capital in a ring-fenced account

Loan Execution Services

- End to end administration of loans, from approval through to draw down and collections – including the issue of pre-approved loan and security documentation, as required;
- Customer due diligence (CDD, including, but not limited to KYC, AML and account holder verification) to a standard consistent with regulated industry requirements and sector best

practice;

- Calculation and notification of fees and expenses due at loan completion – including any arrangement fee and legal expenses;
- Oversight of completion of conditions precedent and execution of finance documents for each loan; and
- Issuing of a “safe to lend” opinion to Innovate UK and paying away to the end beneficiary

Portfolio Management Services

- Managing multiple tranche drawdowns in line with conditions precedent within an agreed delegation framework from Innovate UK and the administration of grace / capital repayment holiday periods of up to 36m;
- Direct Debit origination capabilities, ensuring the ongoing payments of interest, principal and fees, pursuing late payments (within an agreed process) and reporting on exceptions;
- The ability to amend or vary loans mid-term in line with restructuring arrangements approved by the Innovation Loans team;
- Pursuit of defaulting loans as directed by Innovate UK;
- Production of monthly material issues reports or as required; and
- Reconciliation of interest, principal, fees and expenses amounts monthly, or as required

Phase two: 1st April 2018 to 30th April 2023 (On-going distribution of Loans and Repayment Fee)

The successful organisation must undertake administrative duties for the collection of repayments on loans. Including;

- calculation of redemption figures for pre-payments
- report on portfolio performance as per Phase One.
- undertake initial collections activity within the period up to 90 days overdue

Pricing

It is anticipated that there will be around 100 loans deployed during phase one of this contract. The pricing schedule is based on this scenario and is subject to change. For this reason each loan will be based on the individual fee provided under the variable costs in the price schedule, with the fix cost paid on a monthly basis.

Terms and Conditions

Bidders are to note that any requested modifications to the Contracting Authority Terms and Conditions on the grounds of statutory and legal matters only, shall be raised as a formal clarification during the permitted clarification period.

Section 5 – Evaluation model

The evaluation model below shall be used for this ITQ, which will be determined to two decimal places.

Where a question is 'for information only' it will not be scored.

The evaluation team may comprise staff from UK SBS, and the Contracting Authority and any specific external stakeholders the Contracting Authority deems required. After evaluation the scores will be finalised by performing a calculation to identify (at question level) the mean average of all evaluators (Example – a question is scored by three evaluators and judged as scoring 5, 5 and 6. These scores will be added together and divided by the number of evaluators to produce the final score of 5.33 ($5+5+6 = 16 \div 3 = 5.33$))

| Pass / fail criteria | | |
|----------------------|---------|--|
| Questionnaire | Q No. | Question subject |
| Commercial | SEL1.2 | Employment breaches/ Equality |
| Commercial | SEL3.11 | Compliance to Section 54 of the Modern Slavery Act |
| Commercial | FOI1.1 | Freedom of Information Exemptions |
| Commercial | AW1.1 | Form of Bid |
| Commercial | AW1.3 | Certificate of Bona Fide Bid |
| Commercial | AW3.1 | Validation check |
| Commercial | AW4.1 | Contract Terms |
| Quality | AW6.1 | Compliance to the Specification |

| Scoring criteria | | | |
|---|---------|---|---------------|
| Evaluation Justification Statement | | | |
| In consideration of this particular requirement the Contracting Authority has decided to evaluate Potential Providers by adopting the weightings/scoring mechanism detailed within this ITQ. The Contracting Authority considers these weightings to be in line with existing best practice for a requirement of this type. | | | |
| Questionnaire | Q No. | Question subject | Maximum Marks |
| Price | AW5.2 | Price | 20% |
| Quality | PROJ1.1 | Implementation | 20% |
| Quality | PROJ1.2 | Delivery Capability: on-boarding | 30% |
| Quality | PROJ1.3 | Delivery Capability: Portfolio Management | 30% |

Evaluation of criteria

Non-Price elements

Each question will be judged on a score from 0 to 100, which shall be subjected to a multiplier to reflect the percentage of the evaluation criteria allocated to that question.

Where an evaluation criterion is worth 20% then the 0-100 score achieved will be multiplied by 20%.

Example if a Bidder scores 60 from the available 100 points this will equate to 12% by using the following calculation:

$$\text{Score} = \{\text{weighting percentage}\} \times \{\text{bidder's score}\} = 20\% \times 60 = 12$$

The same logic will be applied to groups of questions which equate to a single evaluation criterion.

The 0-100 score shall be based on (unless otherwise stated within the question):

| | |
|-----|--|
| 0 | The Question is not answered or the response is completely unacceptable. |
| 10 | Extremely poor response – they have completely missed the point of the question. |
| 20 | Very poor response and not wholly acceptable. Requires major revision to the response to make it acceptable. Only partially answers the requirement, with major deficiencies and little relevant detail proposed. |
| 40 | Poor response only partially satisfying the selection question requirements with deficiencies apparent. Some useful evidence provided but response falls well short of expectations. Low probability of being a capable supplier. |
| 60 | Response is acceptable but remains basic and could have been expanded upon. Response is sufficient but does not inspire. |
| 80 | Good response which describes their capabilities in detail which provides high levels of assurance consistent with a quality provider. The response includes a full description of techniques and measurements currently employed. |
| 100 | Response is exceptional and clearly demonstrates they are capable of meeting the requirement. No significant weaknesses noted. The response is compelling in its description of techniques and measurements currently employed, providing full assurance consistent with a quality provider. |

All questions will be scored based on the above mechanism. Please be aware that the final score returned may be different as there may be multiple evaluators and their individual scores will be averaged (mean) to determine your final score.

Example

Evaluator 1 scored your bid as 60
Evaluator 2 scored your bid as 60
Evaluator 3 scored your bid as 40
Evaluator 4 scored your bid as 40
Your final score will $(60+60+40+40) \div 4 = 50$

Price elements will be judged on the following criteria.

The lowest price for a response which meets the pass criteria shall score 100. All other bids shall be scored on a pro rata basis in relation to the lowest price. The score is then subject to a multiplier to reflect the percentage value of the price criterion.

For example - Bid 1 £100,000 scores 100.

Bid 2 £120,000 differential of £20,000 or 20% remove 20% from price scores 80

Bid 3 £150,000 differential £50,000 remove 50% from price scores 50.

Bid 4 £175,000 differential £75,000 remove 75% from price scores 25.

Bid 5 £200,000 differential £100,000 remove 100% from price scores 0.

Bid 6 £300,000 differential £200,000 remove 100% from price scores 0.

Where the scoring criterion is worth 50% then the 0-100 score achieved will be multiplied by 50.

In the example if a supplier scores 80 from the available 100 points this will equate to 40% by using the following calculation: $\text{Score/Total Points} \times 50$ ($80/100 \times 50 = 40$)

The lowest score possible is 0 even if the price submitted is more than 100% greater than the lowest price.

Section 6 – Evaluation questionnaire

Bidders should note that the evaluation questionnaire is located within the **e-sourcing questionnaire**.

Guidance on completion of the questionnaire is available at <http://www.uksbs.co.uk/services/procure/Pages/supplier.aspx>

PLEASE NOTE THE QUESTIONS ARE NOT NUMBERED SEQUENTIALLY

Section 7 – General Information

What makes a good bid – some simple do's 😊

DO:

- 7.1 Do comply with Procurement document instructions. Failure to do so may lead to disqualification.
- 7.2 Do provide the Bid on time, and in the required format. Remember that the date/time given for a response is the last date that it can be accepted; we are legally bound to disqualify late submissions. Unless formally requested to do so by UK SBS e.g. Emptoris system failure
- 7.3 Do ensure you have read all the training materials to utilise e-sourcing tool prior to responding to this Bid. If you send your Bid by email or post it will be rejected.
- 7.4 Do use Microsoft Word, PowerPoint Excel 97-03 or compatible formats, or PDF unless agreed in writing by the Buyer. If you use another file format without our written permission we may reject your Bid.
- 7.5 Do ensure you utilise the Emptoris messaging system to raise any clarifications to our ITQ. You should note that we will release the answer to the question to all Bidders and where we suspect the question contains confidential information we may modify the content of the question to protect the anonymity of the Bidder or their proposed solution
- 7.6 Do answer the question, it is not enough simply to cross-reference to a 'policy', web page or another part of your Bid, the evaluation team have limited time to assess bids and if they can't find the answer, they can't score it.
- 7.7 Do consider who who the Contracting Authority is and what they want – a generic answer does not necessarily meet every Contracting Authority's needs.
- 7.8 Do reference your documents correctly, specifically where supporting documentation is requested e.g. referencing the question/s they apply to.
- 7.9 Do provide clear , concise and ideally generic contact details; telephone numbers, e-mails and fax details.
- 7.10 Do complete all questions in the questionnaire or we may reject your Bid.
- 7.11 Do check and recheck your Bid before dispatch.

What makes a good bid – some simple do not's ☹

DO NOT

- 7.12 Do not cut and paste from a previous document and forget to change the previous details such as the previous buyer's name.
- 7.13 Do not attach 'glossy' brochures that have not been requested, they will not be read unless we have asked for them. Only send what has been requested and only send supplementary information if we have offered the opportunity so to do.
- 7.14 Do not share the Procurement documents, they are confidential and should not be shared with anyone without the Buyers written permission.
- 7.15 Do not seek to influence the procurement process by requesting meetings or contacting UK SBS or the Contracting Authority to discuss your Bid. If your Bid requires clarification the Buyer will contact you. All information secured outside of formal Buyer communications shall have no Legal standing or worth and should not be relied upon.
- 7.16 Do not contact any UK SBS staff or the Contracting Authority staff without the Buyers written permission or we may reject your Bid.
- 7.17 Do not collude to fix or adjust the price or withdraw your Bid with another Party as we will reject your Bid.
- 7.18 Do not offer UK SBS or the Contracting Authority staff any inducement or we will reject your Bid.
- 7.19 Do not seek changes to the Bid after responses have been submitted and the deadline for Bids to be submitted has passed.
- 7.20 Do not cross reference answers to external websites or other parts of your Bid, the cross references and website links will not be considered.
- 7.21 Do not exceed word counts, the additional words will not be considered.
- 7.22 Do not make your Bid conditional on acceptance of your own Terms of Contract, as your Bid will be rejected.

Some additional guidance notes

- 7.23 All enquiries with respect to access to the e-sourcing tool and problems with functionality within the tool must be submitted to Crown Commercial Service (previously Government Procurement Service), Telephone 0345 010 3503.
- 7.24 Bidders will be specifically advised where attachments are permissible to support a question response within the e-sourcing tool. Where they are not permissible any attachments submitted will not be considered as part of the evaluation process.
- 7.25 Question numbering is not sequential and all questions which require submission are included in the Section 6 Evaluation Questionnaire.
- 7.26 Any Contract offered may not guarantee any volume of work or any exclusivity of supply.
- 7.27 We do not guarantee to award any Contract as a result of this procurement
- 7.28 All documents issued or received in relation to this procurement shall be the property of the Contracting Authority. / UKSBS.
- 7.29 We can amend any part of the procurement documents at any time prior to the latest date / time Bids shall be submitted through Emptoris.
- 7.30 If you are a Consortium you must provide details of the Consortiums structure.
- 7.31 Bidders will be expected to comply with the Freedom of Information Act 2000 or your Bid will be rejected.
- 7.32 Bidders should note the Government's transparency agenda requires your Bid and any Contract entered into to be published on a designated, publicly searchable web site. By submitting a response to this ITQ Bidders are agreeing that their Bid and Contract may be made public
- 7.33 Your bid will be valid for 60 days or your Bid will be rejected.
- 7.34 Bidders may only amend the contract terms during the clarification period only, only if you can demonstrate there is a legal or statutory reason why you cannot accept them. If you request changes to the Contract terms without such grounds and the Contracting Authority fail to accept your legal or statutory reason is reasonably justified we may reject your Bid.
- 7.35 We will let you know the outcome of your Bid evaluation and where requested will provide a written debrief of the relative strengths and weaknesses of your Bid.
- 7.36 If you fail mandatory pass / fail criteria we will reject your Bid.
- 7.37 Bidders are required to use IE8, IE9, Chrome or Firefox in order to access the functionality of the Emptoris e-sourcing tool.
- 7.38 Bidders should note that if they are successful with their proposal the Contracting Authority reserves the right to ask additional compliancy checks prior to the award of

any Contract. In the event of a Bidder failing to meet one of the compliancy checks the Contracting Authority may decline to proceed with the award of the Contract to the successful Bidder.

- 7.39 All timescales are set using a 24 hour clock and are based on British Summer Time or Greenwich Mean Time, depending on which applies at the point when Date and Time Bids shall be submitted through Emptoris.
- 7.40 All Central Government Departments and their Executive Agencies and Non Departmental Public Bodies are subject to control and reporting within Government. In particular, they report to the Cabinet Office and HM Treasury for all expenditure. Further, the Cabinet Office has a cross-Government role delivering overall Government policy on public procurement - including ensuring value for money and related aspects of good procurement practice.

For these purposes, the Contracting Authority may disclose within Government any of the Bidders documentation/information (including any that the Bidder considers to be confidential and/or commercially sensitive such as specific bid information) submitted by the Bidder to the Contracting Authority during this Procurement. The information will not be disclosed outside Government. Bidders taking part in this ITQ consent to these terms as part of the competition process.

- 7.41 The Government is introducing its new Government Security Classifications (GSC) classification scheme on the 2nd April 2014 to replace the current Government Protective Marking System (GPMS). A key aspect of this is the reduction in the number of security classifications used. All Bidders are encouraged to make themselves aware of the changes and identify any potential impacts in their Bid, as the protective marking and applicable protection of any material passed to, or generated by, you during the procurement process or pursuant to any Contract awarded to you as a result of this tender process will be subject to the new GSC . The link below to the Gov.uk website provides information on the new GSC:

<https://www.gov.uk/government/publications/government-security-classifications>

The Contracting Authority reserves the right to amend any security related term or condition of the draft contract accompanying this ITQ to reflect any changes introduced by the GSC. In particular where this ITQ is accompanied by any instructions on safeguarding classified information (e.g. a Security Aspects Letter) as a result of any changes stemming from the new GSC, whether in respect of the applicable protective marking scheme, specific protective markings given, the aspects to which any protective marking applies or otherwise. This may relate to the instructions on safeguarding classified information (e.g. a Security Aspects Letter) as they apply to the procurement as they apply to the procurement process and/or any contracts awarded to you as a result of the procurement process.

USEFUL INFORMATION LINKS

- [Emptoris Training Guide](#)
- [Emptoris e-sourcing tool](#)
- [Contracts Finder](#)
- [Equalities Act introduction](#)
- [Bribery Act introduction](#)
- [Freedom of information Act](#)