



SELECTION CRITERIA AND AGREEMENT PRE-CONDITIONS

SERVICE CONCESSION AGREEMENT FOR THE CUSTODIAL TENANCY DEPOSIT SCHEME

REF: CPD/004/109/019B – New Business

This document sets out the information required by DCLG in order to evaluate the suitability of the tenderer in terms of their capability, capacity and organisational and financial standing to deliver the requirements in accordance with Regulations 23 to 26 of the Public Contract Regulations 2006 (as amended) (the “Regulations”). It also sets out conditions which must be fulfilled by the preferred tenderer prior to any Agreement being awarded. Failure to provide the required information or fulfil the Agreement pre-conditions may result in disqualification from the procurement.

Tenderers are required to submit the information requested by the due date for tender return in accordance with the procedures set out in paragraph 14 of the ITT Notices and Instructions. DCLG reserves the right to require a tenderer to provide additional information supplementing or clarifying the information provided. DCLG may also seek independent financial and market advice to validate information declared.

ORGANISATION AND CONTACT DETAILS

The tenderer must complete and return Form A (attached) with the tender.

SELECTION CRITERIA (see Appendix A for scoring guide)

Economic and Financial Standing (Regulation 24): DCLG may disqualify any tenderer that fails to provide evidence of satisfactory financial standing relative to the scale/value of the proposed Agreement. The tenderer (and any sub-contractor or consortium member in receipt of over 20% of the value from the income due to the Scheme) must provide as part of the tender:

- a statement of your cash flow forecast for the current year and a bank letter outlining the current cash and credit position.

The tenderer must also provide **one** of the following as part of the tender:

- a copy of audited accounts for the most recent two years;
- a statement of turnover, profit & loss account and cash flow for the most recent year of trading; or
- alternative means of demonstrating financial status if trading for less than a year.

In addition, where there have been major changes in financial position since the documents referenced above were produced, the tenderer must also provide details of those changes.

The tenderer must also provide equivalent financial/economic information in relation to its ultimate parent company (see Additional Agreement Pre-Conditions below).

The tenderer should also provide a list of the top 3 contracts or other such agreements it (or any sub-contractor or consortium member in receipt of over 20% of the value from the income due to the Scheme) currently holds with their associated values and expiry dates.

Technical and Professional Ability (Regulation 25): DCLG may disqualify any tender that fails to provide evidence of satisfactory experience in administration, banking and Alternative Dispute Resolution (ADR).

The tenderer must provide a high level summary of at least one but no more than three contracts/agreements from the past three years from either the public or private sector that evidences this experience (and may include experience of relevant sub-contractors and/or consortium members). Each contract/agreement summary, which should be a maximum of two pages of A4 (to be completed in the relevant field below), should include the contract/agreement

start date, end date, contract/agreement value and contact details for the tenderer's customer (who should be prepared to speak and confirm to DCLG the accuracy of the information provided).

In assessing responses DCLG will be considering experience and expertise in relation to:

- Examples of contracts or other such agreements where there was a requirement to be able to handle large amounts of information on a day-to-day basis, with the necessary IT systems, structure and data storage.
- Examples of contracts or other such arrangements that dealt with providing a call centre or similar service which was able to deal with queries from members of the public.
- Examples of contracts or other such agreements that provided secure and reliable methods of central banking facilities that meet all Government statutory requirements in relation to, but not exclusive to, money laundering, deposit-taking and any other appropriate FCA regulation.
- Examples of contracts or other such agreements that provided effective forms of ADR services.

Tenderers should also indicate how many staff their organisation (including consortia members or named sub-contractors where appropriate) employs relevant to delivering the requirement mentioned above, and/or how their organisation would increase staff numbers to enable delivery of the requirement set out in the Specification (Annex A).

Grounds for Discretionary Rejection (Regulation 23): DCLG is entitled to exclude tenderers from participating in a procurement if any of the circumstances described in Regulation 23(4) of the Regulations apply. If any of the circumstances apply (including in relation to any sub-contractor or consortium member) it is possible that your tender might not be accepted.

In the event that any of the circumstances apply, please set out in the tender full details of the relevant incident and any remedial action taken subsequently. The information provided will be taken into account by DCLG in considering whether or not you will be able to proceed in the procurement exercise. In order to avoid a tender being submitted and subsequently rejected on any of these grounds it is recommended that you contact DCLG for advice before submitting a tender. If no issues are raised during the procurement the successful tenderer will be required to sign a statement that none of the circumstances in Regulation 23(4) apply prior to Agreement award and as a pre-condition of contracting.

Grounds for Mandatory Rejection (Regulation 23): DCLG is required by law to exclude tenderers from participating in a procurement if any of the circumstances in Regulation 23(1) of the Regulations apply. If any of the circumstances apply (including in relation to any sub-contractor or consortium member) you should contact DCLG for advice before submitting a tender. The successful tenderer will be required to sign a statement that none of the circumstances in Regulation 23(1) apply prior to Agreement award and as a pre-condition of contracting.

ADDITIONAL AGREEMENT PRE-CONDITIONS

Insurance: The tenderer's attention is drawn to Clause 28 (Insurance and Treatment of Risk) of the Service Concession Agreement (Annex B). Prior to Agreement award and as a pre-condition of contracting the successful tenderer will be required to provide evidence of:

- employer's liability insurance of at least £5 million (except for businesses employing only the owner / close family members);
- professional liability insurance of at least £10 million;
- public liability insurance of at least £2million;

- professional errors and omissions insurance of at least £10 million;
- computer "All Risks" insurance as set out in Clause 28.1.6 of the Service Concession Agreement (Annex B);
- crime (fidelity guarantee) insurance of at least £20,000,000; and
- all other insurance required to comply with all statutory insurance requirements.

Parent Company Guarantee: DCLG reserves its right to require the successful tenderer to provide a duly executed Parent Company Guarantee in the form provided at Schedule 20 (Parent Company Guarantee) of the Service Concession Agreement (Annex B), or such other alternative security as may be required by DCLG in the event of the tenderer being the ultimate parent company.

The tenderer's attention is drawn to Schedule 2, Appendix (I) (Conditions Precedent) and Schedule 20 (Parent Company Guarantee) of the Service Concession Agreement (Annex B).

Prior to Agreement award and as a pre-condition of contracting the successful tenderer will be required (if requested by DCLG) to provide evidence of:

- An original duly executed Parent Company Guarantee.

The tenderer must provide equivalent financial/economic information (i.e. in accordance with the Economic and Financial Standing (Regulation 24) selection criteria above) in relation to its ultimate parent company.

Capacity: In order to avoid issues of over-dependency DCLG would generally not expect annual fees or charges to any supplier in relation to this Agreement (including sub-contractors and consortium members) to exceed 40% of total turnover. DCLG is under no obligation to make any financial contribution towards the operation or setting up of Schemes and the Schemes are expected to be self-financing. In the event that the tenderer's proposed supply chain or consortium arrangements raise risks or issues in relation to over-dependency the tenderer should make clear in their tender how over-dependency will be avoided. Prior to Agreement if DCLG is concerned regarding the level of dependency, the tenderer may be requested by DCLG at its absolute discretion to put in place financial or other guarantees as a pre-condition of contracting.

CONDITIONS OF AGREEMENT

The tenderer should read the Services Concession Agreement (Annex B) in full when preparing its tender.

In particular (but without limitation), the tenderer's attention is drawn to:

Warranties and Representations: The attention of the tenderer is drawn to Clause 24 of the Service Concession Agreement (Annex B).

Term: The attention of the tenderer is drawn to Clause 3 of the Service Concession Agreement (Annex B).

Conflict of Interest: The attention of the tenderer is drawn to Clause 37 of the Service Concession Agreement (Annex B).

Intellectual Property Rights: The attention of the tenderer is drawn to Clause 23 of the Service Concession Agreement (Annex B).

Schedules: The attention of the tenderer is drawn to all Schedules of the Service Concession Agreement (Annex B).

FORM A - Organisation and Contact Details

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| Full name of organisation tendering (or of organisation acting as lead contact where a consortium bid is being submitted) | | |
| ORGANISATION DETAILS | | |
| Registered office address | Company or charity registration number | |
| | VAT registration number | |
| | Name of immediate parent company | |
| | Name of ultimate parent company | |
| Type of organisation | i) a public limited co. ii) a limited company iii) a limited liability partnership iii) other partnership iv) sole trader v) other (specify) | |

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| CONTACT DETAILS | |
| Contact details for enquiries about this procurement | |
| Name | |
| Address | |
| Post Code | |
| Country | |
| Phone | |
| Mobile | |
| Email | |

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| Consortia and Sub-Contracting | a) Your organisation is bidding to deliver the Agreement itself | |
| | b) Your organisation is bidding in the role of prime contractor and intends to use third parties to deliver some of the Agreement | |
| | c) The potential provider is a consortium | |
| <p>If your answer is (b) or (c) please provide details of the composition of the supply chain / percentage shareholding of the consortium, indicating which member of the supply chain / consortium will be responsible for the elements of the requirement. If a consortium is not proposing to form a corporate entity, full details of alternative proposed arrangements should also be provided. Please note DCLG reserves the right to require a successful consortium to form a single legal entity in accordance with Regulation 28 of the Public Contracts Regulations 2006.</p> | | |

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| Economic and Financial Standing (Regulation 24) | <i>[Please include your answer to this section here]</i> |
| Technical and Professional Ability (Regulation 25) Experience and Contract/Agreement Examples | <i>[Please include your answer to this section here]</i> |
| Technical and Professional Ability (Regulation 25) Staffing | <i>[Please include your answer to this section here]</i> |
| Grounds for Discretionary Rejection (Regulation 23(4)) | <i>[Please include your answer to this section here]</i> |
| Grounds for Mandatory Rejection (Regulation 23(1)) | <i>[Please include your answer to this section here]</i> |
| Insurance | <i>[Please include your answer to this section here]</i> |
| Parent Company Guarantee | <i>[Please include your answer to this section here]</i> |
| Ultimate Parent Company (Economic and Financial Standing) | <i>[Please include your answer to this section here]</i> |

APPENDIX A - SELECTION CRITERIA SCORING GUIDE

| Information Requested | Guidance | Score |
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| Economic and Financial Standing (Regulation 24) | Low risk. Assessed as financially sound for the purposes of this procurement. | PASS |
| | Medium risk. Assessed as a potential risk for the purposes of this procurement, but have confirmed with the tenderer (in clarification or through their response to the Parent Company Guarantee Pre-condition) that they are prepared to provide a Parent Company Guarantee in the form provided at Schedule 20 (Parent Company Guarantee) of the Service Concession Agreement (or such alternative security requested by DCLG in the event of the tenderer being the ultimate parent company). | PASS |
| | High risk. Assessed as a potential risk for the purposes of this procurement and have confirmed with the tenderer (in clarification or through their response to the Parent Company Guarantee Pre-condition) that they are not prepared to provide a Parent Company Guarantee in the form provided at Schedule 20 (Parent Company Guarantee) of the Service Concession Agreement (or such alternative security requested by DCLG in the event of the tenderer being the ultimate parent company). | FAIL |
| | If any of the information is not provided (particularly if there has been a further request) the tenderer will be assessed as a high risk for the purposes of this procurement. | FAIL |
| Economic and Financial Standing (Regulation 24) List of top 3 Contracts/Agreements | Low risk. Assessed as not being wholly dependent on the Custodial Tenancy Deposit Scheme. | PASS |
| | High risk. Assessed as being solely dependent on the Custodial Tenancy Deposit Scheme. | FAIL |
| Technical and Professional Ability (Regulation 25) Experience and Contract/Agreement Examples | Excellent response. The references provided build a high level of confidence that the tenderer can deliver the requirements through evidence of relevant experience. | PASS |
| | Acceptable response. The references provided confirm that the tenderer can deliver the requirements through evidence of relevant experience. | PASS |
| | Significant reservations. The references provided raise significant reservations that the tenderer can deliver the requirements due to insufficient evidence of relevant experience. | FAIL |
| | Unacceptable. The references provided build very little or no confidence that the tenderer can deliver the requirements due to insufficient evidence of relevant experience. | FAIL |
| Technical and Professional Ability (Regulation 25) Staffing | Excellent response. The staff numbers and/or plans to increase staff numbers build a high level of confidence that the tenderer can deliver the requirements. | PASS |
| | Acceptable Response. The staff numbers and/or plans to increase staff numbers confirm that the tenderer can deliver the requirements. | PASS |
| | Unacceptable. The staff numbers and/or plans to increase staff numbers build very little or no confidence that the potential provider can deliver the requirements. | FAIL |
| Grounds for Discretionary Rejection (Regulation 23) | Tenderer confirms that there are grounds for potential discretionary rejection. | Refer to Head of Procurement for determination |
| | Tenderer does not raise any issues in the proposal (note: the tenderer will be required to sign a statement that none of the circumstances in Regulation 23(4) apply prior to Agreement award and as a pre-condition of contracting). | PASS |

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| Grounds for Mandatory Rejection (Regulation 23) | Tenderer confirms that there are grounds for mandatory rejection. | FAIL |
| | Tenderer does not raise any issues in the proposal (note: the tenderer will be required to sign a statement that none of the circumstances in Regulation 23(1) apply prior to Agreement award and as a pre-condition of contracting). | PASS |
| Employer's liability insurance of at least £5 million | The tenderer confirms that they do not hold this insurance and will not obtain this in the event of being awarded the Agreement. | FAIL |
| | The tenderer confirms that they do hold this insurance or they will obtain this in the event of being awarded the Agreement. | PASS |
| Professional liability insurance of at least £10 million | Tenderer confirms that they do not hold this insurance and will not obtain this in the event of being awarded the Agreement. | FAIL |
| | Tenderer confirms that they do hold this insurance or they will obtain this in the event of being awarded the Agreement. | PASS |
| Public liability insurance of at least £2 million | Tenderer confirms that they do not hold this insurance and will not obtain this in the event of being awarded the Agreement. | FAIL |
| | Tenderer confirms that they do hold this insurance or they will obtain this in the event of being awarded the Agreement. | PASS |
| Crime (fidelity guarantee) insurance of at least £20 million | Tenderer confirms that they do not hold this insurance and will not obtain this in the event of being awarded the Agreement. | FAIL |
| | Tenderer confirms that they do hold this insurance or they will obtain this in the event of being awarded the Agreement. | PASS |
| Professional errors insurance of at least £10 million | Tenderer confirms that they do not hold this insurance and will not obtain this in the event of being awarded the Agreement. | FAIL |
| | Tenderer confirms that they do hold this insurance or they will obtain this in the event of being awarded the Agreement. | PASS |
| Computer "All Risks" insurance | Tenderer confirms that they do not hold this insurance and will not obtain this in the event of being awarded the Agreement. | FAIL |
| | Tenderer confirms that they do hold this insurance or they will obtain this in the event of being awarded the Agreement. | PASS |
| All insurance required to comply with all statutory | Tenderer confirms that they do not hold this insurance and will not obtain this in the event of being awarded the Agreement. | FAIL |

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| insurance requirements | Tenderer confirms that they do hold this insurance or they will obtain this in the event of being awarded the Agreement. | PASS |
| Parent Company Guarantee | Tenderer confirms that they will not provide a Parent Company Guarantee in the form required (or such alternative security if the tenderer is the ultimate parent company) if requested by DCLG in the event of being awarded the Agreement. | FAIL |
| | Tenderer confirms that they will provide a Parent Company Guarantee in the form required (or such alternative security if the tenderer is the ultimate parent company) if requested by DCLG in the event of being awarded the Agreement. | PASS |
| Parent Company (Economic & Financial Standing) | Low risk. Assessed as financially sound for the purposes of this procurement. | PASS |
| | Medium risk. Assessed as a potential risk for the purposes of this procurement, but have confirmed with the tenderer (in clarification) that they are prepared to, and are able to, provide an alternative suitable guarantor. | PASS |
| | High risk. Assessed as a potential risk for the purposes of this procurement and have confirmed with the tenderer (in clarification) that they are not prepared to, or are not able to, provide an alternative suitable guarantor. | FAIL |
| | If any of the information is not provided (particularly if there has been a further request) the tenderer will be assessed as a high risk for the purposes of this procurement. | FAIL |