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1. OVERVIEW OF THE AUTHORITY

- 1.1. HM Treasury (HMT) is the Government's (HMG) economic and finance ministry, maintaining control over public spending, setting the direction of the UK's economic policy and working to achieve strong and sustainable economic growth.
- 1.2. [REDACTED].
- 1.3. EGU is responsible for growth-related policy and spending. It brings together teams that focus on areas that are crucial to the promotion of sustainable economic growth. EGU works to ensure that Government policy encourages private sector investment, enterprise, innovation and the transition to a low-carbon economy.

2. BACKGROUND TO YOUR REQUIREMENT

- 1.1. As part of its normal operations the Government has always considered providing support to strategically important companies that can reasonably be expected to have a long-term viable future, and whose failure or distress could cause disproportionate harm to the UK economy or society. Companies must have exhausted all other options before being considered, and any support given will be on terms that protect the taxpayer. Companies receiving support also need to agree to appropriate conditions, including those relating to tax, supplier payment terms, climate change and corporate governance. Each company will be considered individually and there is no guarantee that support will be provided.

1.2. [REDACTED]

- 1.3. If it is decided that there is a rationale for intervention and the request for support is in line with the principles for intervention, Government departments, along with HMT and UK Government Investments (UKGI), will consider such requests for support. As part of this consideration, HMG will urgently require independent business reviews and due diligence of these businesses to support ministerial decision-making processes around whether (and, if so, what) support may be appropriate and the associated risks with providing any such support.

- 2.1. Collectively, there are several energy-related companies which could fall into distress [REDACTED], due to extraordinary liquidity requirements faced by energy firms from high and volatile energy prices. The overall impact of this would cause disproportionate harm to the UK supply chain, whether due to an individual company failing or the combined impact of multiple companies failing together.
- 2.2. Therefore HMT have, working with the Bank of England, designed the 'Energy Markets Financing Scheme' (EFMS) to be an effective and efficient way of managing this collective risk, to avoid the resource burden of dealing with each case on an individual basis.
- 2.3. The EMFS will provide short term financial support and will be designed to be used as a last resort for companies. Each company will be subject to their own due diligence; however the product and terms of the intervention will be standardised, and the strategic case for intervention will look across the collective impact on the sector.

[REDACTED]

- 2.4. The EMFS was an ask from new ministers made shortly before the PM's announcements on energy on the 8th September 2022. The CX and PM would like this scheme to be launched as soon as possible, and we have publicly committed to announcing details of the scheme by the end of October 2022. A quick launch is necessary for the scheme to meet the needs of firms for the liquidity it provides, as engagement with industry suggests problematic margin calls are already materialising. Hence, the scheme will launch on 17th October 2022.
- 2.5. Given this has been an ask of the new government, there was very limited scope for HMT to begin policy development at an earlier date, and there is now an urgent requirement to design and implement the scheme at pace. We require external advisers to provide a high-level assessment of feasibility and deliverability of the scheme, and to complete work similar to an independent business review of potential scheme participants (prior to launch) and firms that apply to the scheme in order to support scheme delivery.
- 2.6. Without this independent, expert advice from external advisors, HMG would find it difficult to undertake proper consideration of any possible interventions. In particular, HMG will be unable to understand at pace the current state of businesses that are seeking support, the implications of any potential Government intervention in those businesses, and the associated fiscal risk. This could lead to the Government making poor value for money interventions or failing to act at pace.

3. YOUR REQUIREMENT

- 3.1. HMT are looking to procure advisory support in relation to the design of the EMFS (Phase One) and support for the rapid delivery of the scheme (Phase Two).
- 3.2. Due to the urgent nature of this work, the context of the project will be given to the Supplier verbally before the work commences.
- 3.3. This is an indicative overview of the requirement. It is subject to change with the consent of both the Supplier and the Authority.

Phase One – Scheme design

- 3.4. **Initial high-level review and assessment:**
 - 3.4.1. Provide an initial high-level assessment of feasibility / deliverability of support if structured in the way proposed in the initial design (including key considerations of potential risks);
 - 3.4.2. Based on publicly available information for a sample of nine potential scheme participants, perform a high-level review of financial position, corporate structures and capital structures (to inform initial high-level assessment of feasibility / deliverability); and
 - 3.4.3. This information should be provided under this indicative timetable:
 - status update with HMT and UKGI on 19 September 2022;
 - delivery and presentation of draft document to core HMG group / as required on 20 September 2022; and

[REDACTED]

- delivery and presentation of updated draft document to wider HMG group / as required on 21 September 2022.

3.5. Other workstreams

- 3.5.1. Any other matters deemed a priority by HMT ahead of fiscal event on 23 September 2022 and scheme launch on 17 October 2022;
- 3.5.2. Provide an assessment of potential wider energy market issues with / impacts from EMFS;
- 3.5.3. Support with definition of EMFS eligibility criteria, as well as other scheme design / delivery considerations (including in respect of due diligence and/or monitoring requirements); and
- 3.5.4. Provide other ad-hoc advice / support as required, potentially including advice on the price of the guarantee.

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Phase Two – Scheme delivery

- 3.5.5. Undertake rapid, standardised business reviews of individual firms applying to the scheme to support Government's assessment process and inform advice which will be prepared by UKGI for the EMFS 'Advisory Committee' (AC). These reviews will include an assessment of the credit risks associated with applicants and the appropriate size of the guaranteed facility, plus any structuring considerations.
- 3.5.6. Develop a standardised approach to business reviews to support an efficient assessment process, including the production of pro-forma Information Request Lists (IRLs) and 'Due Diligence Reports' (DDRs – see below)
- 3.5.7. Support UKGI in the preparation of materials for the Advisory Committee by providing ad-hoc advice in relation to Due Diligence Reports.
- 3.5.8. Present at HMT's Advisory Committee as required.
- 3.5.9. Provide other ad-hoc advice / support as required, including in relation to matters arising in relation to scheme participants (e.g., reviews of Borrowers that cease to have the 'Required Credit Rating', requests for extension, claims on the guarantee).

Due Diligence Reports (DDRs):

- We note the following factors in respect of DD Rs prepared under this Statement of Requirements:
 - each DDR will be prepared based on a standardised template (using information provided in a response to a pro-forma IRL) – however, depending on the exact circumstances of an individual firm and/or application, a DDR may depart from this template where appropriate (or use information other

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than that provided in response to a pro-forma IRL where appropriate);

- as noted in the accompanying Order Form, the Supplier shall charge the Buyer the [REDACTED] the production of each DDR (the “Standard DDR Fixed Price”) – however, in the event that an individual firm and/or application is of a complexity such that the Supplier considers the Standard DDR Fixed Price to be inapplicable, the Supplier shall (a) notify the Authority and (b) agree an approach to (and charging basis for) the production of the related DDR with the Authority before proceeding with any material work;
- there might also be circumstances in which information quality or availability means that the Supplier considers the Standard DDR Fixed Price inapplicable – under such circumstances, the Supplier shall again (a) notify the Authority and (b) agree an approach to (and charging basis for) the production of the related DDR (though, for the avoidance of doubt, the Supplier shall seek to minimise any costs incurred due to issues with information quality or availability e.g. by explaining IRLs clearly to applicants);
- the Standard DDR Fixed Price shall not cover any work in respect of the following, all of which will be charged on a time-and-materials basis:
 - quantitative analysis (including financial modelling) of the impact of any risks / sensitivities over and above any risks / sensitivities reflected in each applicant’s own financial forecasts; and
 - any substantive discussions with applicants (and/or their lenders) regarding the proposed EMFS facility (including any negotiations of terms on behalf of HMG though excluding any brief communication to applicants and/or their lenders of fundamental, easily-identifiable eligibility issues with the proposed EMFS facility);
- the purpose of each DDR will not be to consider whether the application satisfies any or all of the EMFS eligibility criteria (except where otherwise discussed and agreed with the Authority).

4. BASE LOCATION

- 4.1. The location of the Services will be carried out at each of the Supplier’s own premises.

5. PAYMENT

- 5.1. Payment can only be made following satisfactory delivery of pre-agreed certified products and deliverables.
- 5.2. Before payment can be considered, each invoice must include a detailed elemental breakdown of work completed and the associated costs.
- 5.3. Invoices should be submitted in PDF and addressed to contacts detailed in the contract award.
- 5.4. and addressed to;

[REDACTED]

Accounts Payable
HMT
Rosebery Court, St. Andrews Business Park,
Norwich,
NR7 0HS

- 5.5. Invoices should contain the following information:
 - 5.5.1. Contract Reference: TBC
 - 5.5.2. Date period invoice covers
 - 5.5.3. HMT PO Reference: TBC
 - 5.5.4. Engagement Reference (found on the PEF): XX-XXX
- 5.6. Each engagement needs to have a separate invoice.
- 5.7. Finally, we require a breakdown of who worked on the engagement for the period the invoice covers, this can be included on the invoice, in the approvals email or as a separate document that the department has sight of.
- 5.8. If an incorrect invoice is sent to Accounts Payable, then we will require a credit note to be issued along with the corrected invoice.

6. STAFF VETTING, EXPERIENCE AND QUALIFICATIONS

- 6.1. Short Form Security Requirements as set out in Call-Off Schedule 9 (Security) will apply.
- 6.2. Any pre-employment checks that the Supplier subjects their staff to should be at least equivalent to the Government Baseline Personnel Security Standard (BPSS). In addition, where there is a requirement for any supplier staff to work unsupervised on Authority premises, they will be expected to undergo BPSS checks and National Security Vetting to Counter Terrorism Check (CTC) level before they can do so.
- 6.3. The Supplier shall have in place security clearance, which meets the requirements of the Contracting Authority, and shall ensure full compliance with the standards set out in the following link:
<https://www.gov.uk/government/publications/hmg-personnel-security-controls>
- 6.4. The Supplier shall maintain appropriate staff records for all Supplier Personnel who are involved in activities related to delivery of the products and services within the scope of this Framework Agreement, and shall make this data available to Contracting Authorities upon request.
- 6.5. The Supplier shall ensure that all employees and key representatives of the

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Supplier working on the Contract shall comply with the Contracting Authority's security clearance requirements.

- 6.6.** The Supplier shall ensure that Supplier Personnel provide evidence of their Right to Work in the United Kingdom in line with the Immigration, Asylum and Nationality Act (2006) and the Supplier shall maintain a copy of such evidence. The cost of obtaining any such evidence shall be the responsibility of the Supplier.
- 6.7.** The Contracting Authority reserves the right to review its Security Checking procedure throughout the duration of the Framework Agreement and may require all Supplier employees and all Sub Contractors engaged to provide the Services to have obtained either National Security Vetting clearance or a full criminal records disclosure.

7. KEY MILESTONES

- 7.1.** The potential provider should note the following project milestones that the Authority will measure the quality of delivery against:
- 7.2.** The following deliverables shall apply under the Contract:

Milestone/Deliverable	Description	Timeframe or Delivery Date
1	Initial high-level review and assessment: Delivery and presentation of draft document to core HMG group / as required on 20 September 2022; and Delivery and presentation of updated draft document to wider HMG group / as required on 21 September 2022	21 st September, unless agreed otherwise with HMT
2	Follow up to support scheme design ahead of launch: Exact scope and priorities to be agreed with HMT together with the format of final deliverable	To be finalised by week ending 14 th October- pre-launch of the scheme
3	(If required) Any other matters deemed a priority by HMT ahead of fiscal event on 23 rd September	Before 23 rd September
4	(If required) Providing ongoing ad-hoc advice.	Agreed with HMT depending on requirement

[REDACTED]

5	Review of individual Scheme participants to support consideration by AC	Reviews will be completed as required in a timely fashion Agreed with HMT depending on requirement
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8. AUTHORITY'S RESPONSIBILITIES

8.1. N/A

9. REPORTING

9.1. The supplier will be expected to provide the Authority with:

9.1.1. Draft deliverables ahead of delivery at timings to be agreed between the Supplier and the Authority; and

9.1.2. Ongoing ad-hoc advice relating to the requirement when called upon by the Authority.

DEFINITIONS AND ACRONYMS

Expression or Acronym	Definition
Authority	HMT
Due Diligence Report	DDR
EGU	Enterprise and Growth Unit
Government	HMG
UKGI	UK Government Investments
HMG	HM Government
HMT	HM Treasury
EMFS	Energy Markets Financing Scheme