

Suspicious Activity Reports

PROJECT SPECIFICATION

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1. INTRODUCTION

- 1.1 Persons in the regulated sector are required under Part 7 of the Proceeds of Crime Act 2002 and the Terrorism Act 2000 to submit a Suspicious Activity Report in respect of information that comes to them in the course of their business if they know, or suspect or have reasonable grounds for knowing or suspecting, if a person is engaged in, or attempting, money laundering or terrorist financing.
- 1.2 A joint Home Office and National Crime Agency programme is delivering reform of the UK's Suspicious Activity Reports regime along a 'twin track' approach that will deliver short term improvements in 17/18 and set the long term design of the regime.
- 1.3 Building on existing analysis and consultation, further research is now required to produce an options analysis and recommendations for the long term design of the regime. This needs to be informed by what works and does not work in the current regime, what works well abroad, and projected changes in technology, the reporting sector and criminal typologies.

2. PURPOSE

- 2.1 Analysis and research is required to drive forward the long term reform of the SARs regime, giving HMG and Law Enforcement senior officials an evidence base to inform strategic decision making.

3. SCOPE OF REQUIREMENT

- 3.1 The analysis should complete the following tranches of work in sequence:
 - 3.1.1 Describe and depict possible Suspicious Activity Report regime models at a high-level;
 - 3.1.2 Describe how these models would drive effectiveness and deliver pre-defined vision and benefits;
 - 3.1.3 Describe the comparative resource and technological costs of model options and the degree of change from the baseline needed;
 - 3.1.4 Conduct more detailed analysis into two recommended options;
 - 3.1.5 For recommended options, highlight if there are implications for a new funding model or where elements of the regime might be hosted.
- 3.2 The model options will be expected to: 1) meet the reform programme's vision, mission and principles, 2) deliver the reform programme's defined benefits, and 3) build on the existing body of evidence from previous consultations. These inputs will be provided once the contract has been awarded.
- 3.3 The detail of the approach should be agreed in advance with the SARs reform programme team and there should be regular checkpoints, including at least one meeting with the senior SARs Reform Group.
- 3.4 There is a mandatory checkpoint at 4 weeks from commencement to review progress. At this checkpoint the Home Office expects to review materials e.g. first draft of the report and this is an opportunity for the Home Office to input into the direction of the project.

- 3.5 The analysis should include interviews and workshops with senior law enforcement officers, HMG officials and private sector employees (both in the UK and abroad), analysis of existing previous consultations, data gathering, modelling of the options and desk research.
- 3.6 Analysis should consider:
- 3.6.1 The following key features and variables that constitute any model: (1) funding model, (2) effectiveness, (3) efficiency (4) information sharing, (5) innovation, (6) risk management, (7) intelligence analysis, (8) public-private partnership, and (9) host organisation;
 - 3.6.2 Between three and five international SAR/STR regimes, agreed in advance with the SARs reform programme;
 - 3.6.3 Similar models within the UK where there may be overlaps in operational tasking, public-private partnership, governance or funding, including National Fraud Intelligence Bureau (NFIB), CIFAS, insurance fraud, the funding model of the Financial Conduct Authority (FCA) itself and the new Office for Public Body Anti-Money Laundering Supervision (OPBAS) in the FCA.
- 3.7 Analysis should be:
- 3.7.1 Supported by annexes detailing research, data, evidence and approach taken;
 - 3.7.2 Compatible with HMG business case standards;
 - 3.7.3 Undertaken in a way that sets out the model that would work best for the UK, but can be tested against the current Financial Action Task Force (FATF) Immediate Outcomes and Recommendations and EU law.
- 3.8 The analysis should **not**:
- 3.8.1 Consider short term (17/18) improvements, although can document and highlight recommendations discovered as a by-product of wider analysis;
 - 3.8.2 Be constrained by the existing SARs IT systems and should not consider improvements to the existing IT;
 - 3.8.3 Seek to produce a detailed design of a future model.

4. CONTRACT LENGTH

- 4.1 6 – 10 weeks

5. SERVICE LEVELS AND PERFORMANCE

The Authority will measure the quality of the Supplier's delivery by:

- Their capability to deliver against requirements detailed above
- Their ability to deliver at pace
- Quality of analysis and reporting
- Weekly checkpoints and communication with SARs Reform Group

- 100% Agreed Pricing prior to commencement of any subsequent work required under the contract.

6. CONFIDENTIALITY

Due to the sensitive nature of this work the Home Office will require the selected supplier to retain confidentiality about the nature of the work being delivered, unless otherwise agreed. This will include signing of an NDA prior to disclosure of some information and supplier staff must have security clearance.

7. TENDER REQUIREMENTS

Organisations, individuals or consortia intending to bid must submit Tenders to HOSProcurement@homeoffice.gsi.gov.uk by 12pm on Monday 22nd May, quoting **SST/1617/161** in the subject line.

Qualification

By submitting a response to this tender, we will consider that as your acceptance, without caveat or qualification, of the following qualification questions;

1. Acceptance of the attached terms and conditions
2. Agreement to sign an NDA prior to commencement of work

Tenders will be evaluated against the following criteria with the weightings shown:

Technical

- Demonstration of the ability to effectively apply analytical and appraisal techniques to deliver options analysis and recommendations (20%)
 - This should include:
 - Evidence of successfully employing a range of research techniques;
 - Evidence of conducting previous options analysis on complex issues relating to multi-million pound investment decisions;
 - Evidence of high quality business model and system design that brought about a step change in effectiveness.
- Demonstration of high quality and relevant experience of the individuals that will be working on the commission, including ability to draw on subject matter expertise (20%)
 - This should include:
 - Background information on your organisation with evidence of relevant expertise in the field of financial crime and compliance;
 - Full CVs of SC cleared individuals who will be responsible for delivering this project with evidence of minimum 5 years' experience within the field of financial crime and compliance.

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Details of the proposed grade, experience, resource levels and number of days of the individuals who are expected to deliver this project.

- High level plan and approach for delivering the work (20%)
 - This should include:
 - Description of how you propose to meet the specifics of the commissioning brief;
 - An outline of proposed delivery timeframe that gives sufficient clarity for the project to be held accountable;
 - Project milestones with indicative dates;
 - A description of the deliverable outputs;
 - Indication of confidence to ensure that the plan is realistic and how risk factors will be mitigated;
 - Stretch goals to ensure that the plan is ambitious.
 - Assumptions and dependencies addressed in order to fully meet the requirements of the strategy.
- Delivery of a short presentation and Q&A session that supports the bid.
 - You will be expected to present on and answer questions relating to (1) ability to effectively apply analytical and appraisal techniques, (2) experience of the individuals working on the commission, and (3) high level plan and approach. (10%)
 - Specific questions will be issued prior to the presentation meetings.

Commercial

- Price - cost effectiveness of budget including day rates for members of staff likely to be involved (30%)
 - This should be completed in the cost model provided. While we ask for a breakdown of costs for transparency, only the total fixed price will be evaluated.
 - The Total Fixed Price quoted by each bidder will be evaluated on a relative price scoring method. This means that all prices submitted by Bidders will be assessed against its relative position to the lowest price submitted.
 - An example is shown below:

*The lowest cost submitted shall be divided by the cost being evaluated, and then multiplied by the price weighting percentage (30%) to give the supplier's Total Fixed Price score.
(Bidder's Total Fixed Price Score = Lowest Rate / Bidder's Rate x 30%)
A worked example is provided below.*

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Bidder	Lowest rate (£)	Bidder's Rate (£)	Weighting Factor = $\frac{\text{Lowest Rate (£)}}{\text{Bidder's Rate (£)}}$	Total Fixed Price Score = 30% available multiplied by weighting factor
A	80,000	80,000	1	30%
B		85,000	0.94	28%
C		90,000	0.89	27%
D		95,000	0.84	25%
E		100,000	0.80	24%

Please do not include costs in the technical section of your response. Costs should only appear in the commercial section of your response; the cost model.

Please note, responses need to score at least satisfactory across all areas in order to be compliant.

The tender must be submitted with all criteria addressed as per the order within the specification and accompanying tender documents. The following documents must be submitted as part of your tender:

1. SARs Regime ITT Qualification Response
2. SARs Regime ITT Technical Response
3. SARs Regime ITT Commercial Response

During the Clarifications stage - Organisations should submit all clarifications to HOSProcurement@homeoffice.gsi.gov.uk inbox quoting 'SST/1617/161 – Clarification'. Unless deemed commercially sensitive, responses to clarifications will be shared with all bidders via a consolidated clarification log.

Approximate tender timeline, subject to change:

Stage	Timetable
Invitation to Tender	28 th April
Deadline for clarifications	12 th May
Deadline for receipt of tenders	22 nd May
Evaluation and bid presentation meetings	22 nd May- 2 nd June
Notification of successful bidder	w/c 5 th June
Award contract	w/c 12 th June

The Home Office reserves the right to withdraw this requirement at any time throughout the procurement process and may choose not to award a contract.

8. ADDITIONAL REQUIREMENTS

8.1 Payment will be via purchase order.

- 8.2 All invoices must be sent, quoting a valid purchase order number to:
Accounts Payable
Home Office Shared Service Centre
PO Box 5015
Newport
Gwent NP20 9BB
Tel: 01633 581 644
Email: post-room-rescan@homeoffice.gsi.gov.uk
- 8.3 All invoices should all be copied to the client team, details of which will be confirmed on award of contract
- 9. LOCATION**
- 9.1 Home office, 2 Marsham Street, London and NCA, Spring Gardens, London
- 10. BUDGET**
- 10.1 Payment will be made in full upon completion and acceptance by the Home Office. There will be no intermediate milestone payments.
- 10.2 Prices should be exclusive of expenses and VAT.
- 10.3 Any travel and subsistence expenses will be agreed in advance with the Home Office and shall be subject to HO Travel and Subsistence rates and rules.

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ANNEX A: SCORING CRITERIA

SST/1617/161 – ITT Scoring Criteria

Each section will be marked as follows:

Unacceptable 0	Satisfactory 50	Good 80	Very Good 100
The Bidder's response: a) fails to provide for significant aspects of the topic; or b) falls below the evaluator's minimum expectations for quality, approach or output; or c) fails to provide any relevant examples when requested d) fails to provide for significant aspects of the question	The Bidder's response: a) adequately covers most required aspects of the topic; and b) meets the evaluator's reasonable expectations for quality, approach and output; and c) provides relevant examples (when requested) which adequately reflect the topic d) adequately covers the majority of aspects asked for in the question	The Bidder's response: a) effectively covers all required aspects of the topic; and b) exceeds the evaluator's reasonable expectations for quality, approach and output; and c) describes benefits, impact or successful outcome to illustrate the approach or example(s) d) covers all aspects asked for in the question	The Bidder's response: a) comprehensively covers all required aspects of the topic; and b) surpasses the evaluator's best expectations for quality, approach and output; and c) provides clear vision or ideas or innovation or unique or exceptional capabilities which sets the bidder apart d) comprehensively covers all aspects asked for in the question

Responses need to score at least satisfactory across all areas in order to be compliant.

Weightings

The following weightings will be applied:

Criteria	Weighting
TECHNICAL	
Quality	20%
Capability	20%
Strategy	20%
Presentation	10%
COMMERCIAL	
Total Fixed Cost	30%