

**Customer User Guide**

**Corporate Finance Services**

# Framework Agreement No: RM 3719

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# Purpose of This Document

* 1. This guidance document is intended to serve three purposes:
     1. It provides public sector customers with guidance on how to utilise the Corporate Finance Services framework agreement;
     2. It sets out actions that customers are required to take in order to enter into call-off agreements under the framework; and
  2. CCS (Crown Commercial Service) will provide customers with procurement advice and guidance. We will not provide advice in relation to Corporate Finance matters.
  3. This document provides you with guidance and the tools to specify, procure and manage corporate finance services, including details of:
     1. The different categories of services available under the Framework, as split out in the seven Lots;
     2. The core services that can be undertaken by suppliers under each Lot, which you can use as the basis for specifying the services you require;
     3. The information provided by each supplier in relation to the services, resources and relevant experience they can offer, this can be obtained by email from [info@crowncommercial.gov.uk](mailto:info@crowncommercial.gov.uk)
     4. The types of fee structure typically used under each Lot and the fee ranges provided by each supplier. Fees can be obtained by email from [info@crowncommercial.gov.uk](mailto:info@crowncommercial.gov.uk) ; and
     5. The standard call-off contract terms agreed with all of the suppliers.

# Key Information when reading this document

* 1. There is a range of additional key information that must be read in conjunction with this user guide
  2. Additional documents include: Annex 1 – Lot descriptors

Annex 2 – Further competition guidance notes Annex 3 – Call off order form

Annex 4 – Typical Non-Disclosure Agreement Annex 5 – Frequently Asked Questions (FAQ’s) Annex 6 – Sample letters for further competition Annex 7 – Pricing information

Annex 8 – Supplier additional information

OJEU notice Framework Agreement

# Benefits of using the framework

The benefits of using the framework to procure your Corporate Finance Services:

* + 1. Reduced timescales – Customers do not need to run a full OJEU procurement if procuring via this framework agreement, as this has already been undertaken by Collaborative Partners. Customers will simply need to identify their requirements, present these to the market and award a contract.
    2. Ease of use – The framework is simple to use with procurement advice available from CCS.
    3. Choice of supplier – The framework offers a wide choice of suppliers, there are 7 Lots and 43 suppliers. Please note that not all suppliers will be eligible to bid for all call off agreements, suppliers tendered for specific fee structures within Lots and can only bid for these.
    4. Legality – The framework is fully legal and in line with EU regulations, as EU procurement rules introduced in 2006 and updated in 2015 specifically recognise framework agreements as a legitimate route to market. This reduces procurement risk for customers, and reduces bureaucracy in the procurement process.
    5. Assured supplier standards – Providers appointed onto this framework are ‘pre- qualified’ as to their general suitability. This means when buying services from them customers are assured that they can meet the appropriate standards in the provision of corporate finance services.
    6. Pre-defined Terms and Conditions –Terms and conditions of contract have been established for each Lot. All framework suppliers have signed and accepted this agreement and terms and conditions of call-off. Only comments in square brackets [ ] can be amended and this is to be agreed by the chosen supplier and customer.

# Contract duration, value & eligible customers

* 1. The framework commenced 06/06/16 for an initial period of 3 years with a further option to extend for an additional year.
  2. Customer call-offs can survive the framework by up to two years,
  3. The OJEU value for this procurement was set at £130,000,000 therefore customers can procure anything included within the scope of the framework agreement up to this value. The OJEU can be found [here](http://ted.europa.eu/udl?uri=TED%3ANOTICE%3A383268-2015%3ATEXT%3AEN%3AHTML).
  4. The framework agreement is available to all public sector bodies, including central government and the wider public sector, social housing organisations, and voluntary and community sector bodies.
  5. For general enquiries, you are able to contact the Crown Commercial Service customer service desk for further clarity. Please email [info@crowncommercial.gov.uk](mailto:info@crowncommercial.gov.uk) , state your organisation name and explain your query.

# Framework scope

* 1. Under this framework Corporate Finance relates to the provision of analytical, advisory and execution services in relation to the financial aspects of:
     1. the policy decisions and strategic choices facing a public sector body or Government-owned business and the actions they take;
     2. the sources of funding available for and capital structure of Government- owned businesses and public sector projects; and
     3. specific transactions or events, such as the sale of a Government-owned business.
     4. The primary focus of a corporate finance adviser in such situations is to seek to help its customer (i.e. you) maximise value. In the private sector this is typically measured as the impact on the monetary value of a company to its shareholders. In the public sector value may also be measured in different ways, such as achieving value for money for Government. And in the public sector other non- monetary value considerations may equally be important.

Corporate finance advisers deliver their services through a combination of people resources, analytical tools, market knowledge and experience. They can often have particular skills, knowledge and experience that enable them to help you achieve greater value from a project than you could achieve by yourself. This is usually referred to as a corporate finance adviser’s value-add to a project. This value-add will vary substantially from project to project, and will not be relevant to all projects. However, where relevant, corporate finance advisers will usually look to position their services as a value-added proposition to their customers over and above just carrying out certain tasks, and look to set the level of their fees accordingly. This is important to bear in mind when you procure corporate finance services under the Framework in terms of specifying the work you require, selecting the supplier(s) and setting the remuneration structure. The skills, resources and experience needed to carry out the work, and the value- add that you expect the supplier to bring to the role, will all vary from project to project. This is covered in more detail below.

Corporate finance services often cover many aspects of a business or financial situation and there are areas which can overlap with the work carried out by professional advisers such as accountants and management/business consultants. It should be noted that while corporate finance services can be provided by a range of professional advisers, including accountancy and consultancy firms, this Framework only relates to those corporate finance services set out in each of the Lots and does not cover any other types of work provided by professional advisers. For example, this Framework does not cover the financial reporting or management accounting work that may also be undertaken by an accountancy firm, or the operational performance or product positioning work that may also be undertaken by a management/business consultancy firm. Such types of work can be procured through other framework agreements put in place and managed by Crown Commercial Service, information on which can be found in section 16.

Please note that these other framework agreements should not be used for the procurement of corporate finance services, even where the suppliers under those frameworks may provide such services.

# When to consider using a corporate finance adviser

There are a number of situations when you may wish to consider appointing an external corporate finance adviser for a particular project, for example:

* + - you may believe that you lack certain corporate finance skills, resources and experience and appointing a corporate finance adviser to undertake the work required will help you achieve a better outcome;
    - you may want a corporate finance adviser to undertake an independent review of work that has been carried out by you internally or by another party, or to provide you with a recommendation on proposed decisions or transactions that you are considering; and
    - certain types of work, particularly where you will be dealing with financial markets such as a stock exchange or marketing shares or bonds in a company to investors, may involve you having to comply with certain legal or financial regulatory requirements and you may wish or even need to appoint a corporate finance adviser to assist you with this. If you are in any doubt as to what legal or financial regulatory requirements may be applicable to your project you should consider approaching your own legal advisers.

The types of projects where you may wish to consider using an external corporate finance adviser can range from helping you analyse and assess the financial aspects of decisions you face, through to advising on and executing specific corporate finance transactions. They can range from relatively simple to highly complex projects, and typically last from a few days to several months.

Similarly, the scope of work undertaken by a corporate finance adviser on a project can range from being limited to certain specific roles to encompassing all of the corporate finance roles relevant to the project. Hence the level of involvement and time required of a corporate finance adviser can vary considerably.

The Framework is designed to be very flexible so as to give you the ability to appoint a supplier to cover a wide range of potential project types and corporate finance advisory roles.

Using a corporate finance adviser can involve substantial cost, so it is important that before doing so you carefully assess your needs and whether appointing a corporate finance adviser will help you achieve better value from your project. When considering whether or not to use an external corporate finance adviser you may therefore want to take into account the following:

* + - the nature of the project, the work required to deliver it and the likely timing;
    - the desired aims and outcome of the project;
    - the corporate finance work that will need to be undertaken;
    - whether you need, or wish, to appoint an external corporate finance adviser to undertake some or all of this work; and
    - what value-add a corporate finance adviser may be able to deliver in terms of helping you better achieve the project’s aims.

Only using a corporate finance adviser where it is necessary or will clearly add value to a project, and then carefully aligning the work undertaken by the adviser with your

specific needs, is important in achieving value for money from using a corporate finance adviser.

Note that cost is often only one aspect of achieving value for money from appointing a corporate finance adviser. Your project itself may have a value aspect to it. For example, where you are trying to realise value from the sale of a Government-owned business or save money by reducing debt funding costs. A key part of the role of a corporate finance adviser is usually to help maximise the value of a project for you. In such circumstances the potential value upside or downside of a project can be very substantial and far greater than the cost of appointing an external adviser. As such, where relevant you should take into account the value-add to the project that you expect to obtain from using an adviser as well as the cost of doing so when considering whether value for money will be achieved from appointing one.

# Lotting Structure

The Framework has been divided into seven lots:

Lot 1 – General corporate finance advice, separate to any transaction execution

Lot 2 – Advice on and execution of specific corporate transactions (typically referred to as mergers and acquisitions or M&A)

Lot 3 – Advice on and execution of specific equity or equity related capital markets transactions (typically referred to as equity capital markets, or ECM)

Lot 4 – Advice on and execution of specific debt capital markets transactions (typically referred to as debt capital markets or DCM)

Lot 5 – Specialist retail offer advice and execution in relation to specific capital markets transactions

Lot 6 – Specialist corporate finance advice in relation to the infrastructure sector Lot 7 – Specialist corporate finance advice in relation to portfolios of, or discrete, financial assets

The full details for each lot can be found at Annex 1 Lot descriptors. Please see section 7 for the Supplier Matrix for each Lot.

# Supplier Matrix

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **SUPPLIER** | **LOT 1** | **LOT 2** | **LOT 3** | **LOT 4** | **LOT 5** | **LOT 6** | **LOT 7** |
| ADVALUS LTD | Y |  |  |  |  | Y |  |
| AMBERSIDE ADVISORS LTD |  |  |  |  |  | Y |  |
| BARCLAYS BANK PLC | Y | Y | Y | Y | Y | Y | Y |
| BDO LLP |  | Y |  |  |  | Y |  |
| BLACKROCK INVESTMENT MANAGEMENT (UK) LTD | Y |  |  |  |  |  | Y |
| BNP Paribas | Y | Y | Y | Y |  | Y | Y |
| Cambridge Economic Policy Associates Ltd |  |  |  |  |  | Y |  |
| Citigroup Global Markets Limited | Y | Y | Y | Y | Y | Y | Y |
| Credit Suisse International | Y | Y | Y | Y | Y | Y | Y |
| Deloitte LLP | Y | Y |  |  |  | Y | Y |
| DEUTSCHE BANK AKTIENGESELLSCHAFT | Y | Y | Y | Y |  | Y | Y |
| DWPF Ltd |  |  |  |  |  | Y |  |
| ERNST & YOUNG LLP | Y | Y |  | Y | Y | Y | Y |
| EVERCORE PARTNERS INTERNATIONAL LLP |  |  |  | Y |  | Y |  |
| Goldman Sachs | Y | Y | Y | Y |  | Y | Y |
| GRANT THORNTON U K L L P | Y |  |  |  |  | Y |  |
| HSBC Bank plc | Y | Y | Y | Y | Y | Y | Y |
| Investec Bank plc |  |  | Y |  |  | Y |  |
| J.P. MORGAN CAZENOVE LIMITED | Y | Y | Y | Y | Y | Y |  |
| KPMG LLP | Y | Y | Y | Y |  | Y | Y |
| Lazard & Co., Limited | Y | Y |  |  |  | Y |  |
| Lloyds Bank Plc | Y |  |  | Y |  | Y | Y |
| Macquarie Capital (Europe) Limited | Y | Y | Y |  |  |  |  |
| McKinsey & Company, Inc. United Kingdom | Y |  |  |  |  |  |  |
| Merrill Lynch International |  | Y | Y | Y |  |  |  |
| Moelis & Company UK LLP | Y | Y |  |  |  |  | Y |
| MOORE STEPHENS LLP | Y |  |  |  |  |  | Y |
| Morgan Stanley & Co. International Plc | Y | Y | Y | Y |  | Y |  |
| Newbridge Advisors LLP |  |  |  |  |  | Y |  |
| NM Rothschild & Sons Ltd | Y | Y | Y | Y |  | Y |  |
| Nomura International Plc |  | Y | Y | Y |  |  |  |
| Numis Securities Limited | Y |  | Y |  |  |  |  |
| Ove Arup & Partners Ltd | Y |  |  |  |  | Y |  |
| PA Consulting Services Ltd | Y |  |  |  |  |  |  |
| Peel Hunt LLP |  |  | Y |  | Y |  |  |
| PwC LLP | Y | Y |  |  |  | Y | Y |
| QMPF LLP | Y |  |  |  |  | Y |  |
| Royal Bank of Scotland |  |  |  |  |  | Y |  |

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Smith Square Partners | Y | Y |  |  |  |  |  |
| Societe Generale |  |  | Y |  |  |  |  |
| UBS Limited | Y | Y | Y | Y | Y | Y | Y |
| Venn Partners LLP |  |  |  |  |  |  | Y |

1. **Framework Pricing**
   1. The level and structure of the fees will vary substantially from project to project depending on the nature of the project and the specific scope of work undertaken by the supplier. There are typically two types of fees for corporate finance services: time-based work fees and completion/commission fees. The fees structure for a project can comprise of one or both of these elements as appropriate.

* **Time-based work fees**: reflect the amount of work, skills and resources needed from a supplier to undertake the services you require for a project. They are typically set as a fixed fee for the supplier charged on a monthly basis, although naturally the time period can be shorter if appropriate. They are charged for the duration of the project irrespective of the project outcome, and you can seek to set caps on the total work fee payable to protect you against the project running over time.
* **Completion or commission fees**: are a single fee paid only when a project completes irrespective of the length of time the project takes. They are often used to reflect the value-add that a supplier brings to a project over and above the amount of time and resources the supplier spends delivering the services required. Completion/commission fees can be used to help more closely align the interests of a supplier with your interests in relation to a given project. By defining what is meant by completion in relation to your specific project you can determine the point at which a completion/commission fee is paid and align this with your own interests. This also means that if a project never reaches completion you do not have to pay any completion/commission fees.
* **Dual Fee Structure:** It may be appropriate for some projects to include both a time-based work fee and a completion/commission fee. Under such a fee structure, the supplier still receives a fee if the project does not complete, although this would typically be considerably less than the completion/commission fee that the supplier would have received had the project completed. It is usual for the time-based work fee to be offset against any completion/commission fee that may be paid, so that the latter represents the maximum fee that could be payable.
  1. Set out under Annex 7 is a fee structure or structure(s) that is indicative of the type of fee structures often used for that Lot. This should be used as guidance for setting your own fee structure for a specific project, and you can amend or vary the fee structure as appropriate to best meet your requirements. This must be done at the call-off stage and prior to running a further competition to select your supplier(s).

In setting the fee structure for a specific project you may want to consider the following points:

* whether there should be a time-based work fee, and the appropriate unit of time for this (for example, monthly);
* whether to seek a cap on time-based work fees from suppliers;
* if there will be both a time-based work fee and a completion fee, whether the aggregate time-based work fees paid during the course of a project will be offset against any completion fee paid;
* whether there should be a completion fee, in addition to or instead of a time-based work fee element;
* what will trigger the payment of a completion fee (for example, when a transaction completes or when a final project report is accepted by you);
* how the level of the completion fee will be set, for example as a fixed monetary amount or linked to your proceeds from a transaction;
* where the completion fee is variable (for example, based on a formula) whether to seek to cap the maximum completion fee payable;
* whether to incorporate any form of incentive mechanism in the completion fee, and if so the basis for this (for example, where the completion fee increases the higher the proceeds you receive from a transaction); and
* if there will be both a time-based fee and a completion fee, the relative importance you will place on each when assessing bids under a further competition.

# The maximum/minimum fee bid information provided at Framework level

As part of the process to get onto the Framework each supplier was required to provide maximum and minimum fees based on the fee structure set out under each Lot and assuming certain project parameters. The maximum fees quoted formed part of the assessment of bidders to get onto the Framework. Annex 7 shows the maximum and minimum fees quoted and are available upon request via [info@crowncommercial.gov.uk](mailto:info@crowncommercial.gov.uk)

The maximum fee bids provided by each supplier under each Lot are binding under the terms of the Framework and as such any supplier tendering under a further competition at call off should not submit any fee bids in excess of these maximums. Please note, however, that under the terms of the Framework you have the ability to waive this requirement if the circumstances are such that you believe it would be inappropriate to enforce these maximums. For example, in relation to projects where the complexity and level of work required is exceptionally high, the time periods very short or the project values considerably out of line with those set out in the fee tables under each Lot. In every case, such variances should be material when considered against the project parameters set out for the maximum fee bids under each Lot. The details for waiving the maximum fees provided by suppliers at call-off can be found in schedule 5, paragraph 2.1.1(f) of the Framework Agreement. Any decision to waive the maximum fee bid limit is entirely for you to take, and cannot be taken by a supplier. Any such decision must be taken and made clear to suppliers at the call-off stage, and prior to running a further competition to select your supplier.

The minimum fee bids, along with some of the other fee information, were provided by bidders for information only. They are not in any way binding on suppliers and in some cases may not represent the absolute minimum fee possible.

# Competing fees at call-off

It is expected that once you have decided upon the appropriate fee structure for your particular project, the level of fees will set by the further competition at call-off. It is important therefore that you make clear to bidding suppliers the full details of the fee structure at the call-off stage and prior to running the further competition, as well as setting out in detail the scope of work required under the respective Lot(s) and, if there is to be more than one adviser, for the respective roles as appropriate.

As part of the further competition you will need to decide on the relative importance of the fees to be paid to a supplier compared to the other selection criteria you may set, and hence how bidding suppliers will be assessed on the fees they bid.

# How to use the framework

* 1. This framework can only be accessed by further competition, there is no facility for Direct Award
  2. Customers must procure their requirements in accordance with the procedures in this guidance and the requirements of the procurement regulations.
  3. All customers must undertake the following steps:
     1. Review all guidance documentation
     2. Determine which Lot your requirement falls under.
  4. Prior to conducting the further competition we advise that you consider the following:
     + Whether you need to form a project team and the most appropriate person to lead it;
     + The formation of a stakeholder group to formulate requirements
     + Identification of specific resource to support the various stages of the project including data gathering, drafting of the statement of requirements and bid evaluation; and
     + Who will approve the award once proposals have been evaluated.
  5. Further Competition Guidance can be found at Annex 2.

# Timescales

It is important that you allow suppliers sufficient time to respond to your further competition.

In all instances it is imperative that the Customer provides early visibility and engagement with Potential Providers where appropriate, considering the need for an NDA as appropriate. You may wish to have a supplier day where all relevant suppliers are invited to a forum where you will outline your requirements to get any feedback.

# Awards options

All Lots must be competed, there is no facility under the framework for direct award.

# Procurement routes and tools

When conducting a further competition you are able to utilise the CCS eSourcing tool. This is a free online procurement tool to help you manage your further competitions, creating a clear audit trail, and supporting the delivery the further competition in line with the EU regulation. Further information and access to the eSourcing tool can be found [here](https://www.gov.uk/government/publications/esourcing-suite-guidance-for-customers).

# Award Criteria

Customers should award on the basis of most economically advantageous tender, the weightings for further competition are:

|  |  |  |
| --- | --- | --- |
| **Criteria Number** | **Criteria** | **Percentage Weightings** |
| A | Quality | 30-70% |
| E | Price | 70-30% |

Please see further competition guidance notes at Annex 2

# Finalising the call off

Although the standstill waiting period does not specifically apply to the award of a contract under a framework, it is good practice to apply a waiting period between notifying an award decision and entering into the contract. Therefore we advise customers run a 10 day standstill period.

If doing this, customers should send an intention to award letter to all suppliers that submitted a tender. These letters should provide a debrief of the scores awarded for each weighted criteria compared to the potential successful providers, and a rationale for each score. The rationale/scoring should be objective and in line with the further competition documentation.

Once the 10 day standstill period is complete, without challenge, customers must instruct the supplier. This should be done by completing the Letter of Appointment including Call Off Order Form and terms and conditions.

The order form captures essential details relating to the specific contract, in effect providing a summary, as well as being the document for putting the contract in place. The parties enter into the call-off agreement by signing the order form.

# Terms & Conditions

The terms and conditions are mainly standard government provisions that will be applicable to all call-off agreements. However, you should give due consideration to those sections of the draft call-off contract that are in square brackets. These sections can be amended or deleted by you as appropriate. All other sections of the call-off contract must remain unchanged, except for completing necessary project details.

# Other CCS Agreements

RM1502 – ConsultancyOne – details can be found [here](http://ccs-agreements.cabinetoffice.gov.uk/contracts/rm1502).

# Feedback & Contact Details

If you have any queries, or wish to discuss your requirement or the framework agreement, please contact:

# Email: [info@crowncommercial.gov.uk](mailto:info@crowncommercial.gov.uk) Tel: 0345 410 2222