

Clarification questions

Financial Due Diligence support for Fair4All Finance

Do you have a work bank or program of pipeline projects that breaks down the number and type of projects anticipated within the regular work section?

We are unable to make a reliable prediction at this time but would probably expect around 5-10 that would progress to the due diligence stage. We would not be able to categorise them by type. The purpose of this procurement is to give us flexible capacity to respond to applications as they arrive.

Can you provide any indication of the expected volume and mix of regular/ ad-hoc projects you estimate you may require support with?

As above.

How are you scoring 'value for money'?

We will evaluate value for money in the overall context of the proposal's content, its costs and relative position and we welcome discounts recognising our not for profit status and social purpose as noted in the quote request.

Do you have a more detailed scoring criteria overall that you'd be willing to share with us?

No, we cannot share further details.

Would you like CVs to be included in "relevant experience"? Can we assume any supporting documents such as these would NOT constitute being part of the (maximum) 10 pages of the tender proposal?

We are happy to see brief, relevant summary of experience of people who would be providing the services.

Can you provide us with any redacted examples of previous Providers' outputs/ reports, as further indication of expectations?

No, unfortunately we cannot share further details.

Can you provide us with examples of what a typical investment/loan looks like (redacted specimen documents would be helpful or alternatively a summary of the main terms and conditions of a typical loan and investment)?

No, unfortunately we cannot share further details.

Can we build in flexibility to the reporting scope and quoted fees per project, for instance to cater for specific circumstances such as if there is a group/ more than 1 entity that needs reviewing, or should we base our assumptions entirely around the review period length?

As set out in the document, for requirements 1 – 2 supporting our regular due diligence please provide a fixed price quote per organisation reviewed. For requirements 3 – 7 the ad hoc tasks we require day rate pricing.

Can you provide us with an overview of what your processes in Financial Due Diligence and lending look like currently? Do you have example information request lists, for example? What are the typical timescales from start to finish and how do you expect to project manage each proposition?

The 'Regular Tasks' section sets out our high level assumptions and we are open to discussion or alternative suggestions about the assumptions included in the low, medium and high intensity options. A Fair4All team member will lead and project manage the engagement. Timescales will be dictated by individual circumstances. We are not a lender. The lenders we work with have very varied processes between them.

How would we be interfacing with you?

- **Would we be running the projects assigned to us in the same way we would with our own clients, dealing directly with the Target businesses under consideration, and then feeding our work outputs back into your teams/ reporting to you as if you are the client or would we be assigned discreet parts of projects and typically be expected to be working alongside/ as part of your teams?**

We would expect your team to work as part of the Fair4All team.

- **Who will be relying on our report outputs and therefore who will be party to our engagement letter?**

Your reports/outputs will be provided to the Fair4All team, which will use the information in its decision making and engagement with its potential investees. The contract for services we have issued with this quote is the way in which we will contract.

- **Do you anticipate us needing to enter into different engagement terms with you per project/ review assignment, or would there purely be the single contract for services between us (the draft for which has been provided already)?**

We expect to sign a single contract with you if you are a chosen firm as per the contract template and as explained in the quote request 'Contracting will be done using the contract for services issued alongside this quote request and each additional ad hoc/regular scope will constitute a schedule to that contract'.

- **Will we need to undertake required KYC/ Anti-Money Laundering Regulation identity and other checks for each Target entity being appraised?**

We do not expect this to be necessary.

- **Are you wanting a single point of contact from our side through which all work is run and managed, or are you willing to have more than one to allow cover for absence periods/ peaks in workload?**

You are free to structure the engagement as you see most efficient – the specifics on this are included in our appropriate resourcing criteria.

- **How would we be notified of new projects and if you are working with more than one supplier, how is work expected to be distributed?**

If we have more than one supplier, we expect to distribute work assignments according to our judgement on what the best match is in terms of experience and skill and available capacity. As explained in the quote request 'Contracting will be done using the contract for services issued alongside this quote request and each additional ad hoc/regular scope will constitute a schedule to that contract'.

Will there be any ongoing requirement for monitoring of investee/ borrower companies?

No, we do not expect this to be part of the quote request.

Could you please clarify the numbered requirements that are referred to in the document? We note that there is reference to requirements 1-2 and 3-7 at points in the document, please could clarify which these are referring to?

Thank you for raising this and our apologies for the error – the Regular tasks are 1 – 2 and the Ad hoc tasks are 3 – 7 as set out in pages 3 and 4-5 respectively. A formatting error when the quote request was converted to PDF resulted in the numbers being changed. Apologies for the confusion – we have uploaded a revised quote request with this corrected.

Please could you give examples of the types of companies that the technology fund expects to invest in?

We've earmarked £5m to invest in the core loan management systems and other market transformational technologies used by community finance providers to stimulate a vibrant, competitive market of suppliers. We're engaging with existing suppliers and are open to expressions of interest throughout the year. And we are collaborating with suppliers of technology to the community finance sector even where investment is not required. Find out more by watching our [launch webinar](#) or viewing the [accompanying slides](#).

There is also reference to "other funds" on page 3. What sort of investments would be covered by these funds?

Other funds we might set up could be similar to our existing Scale Up fund, which is aimed at helping Credit Unions and Community Finance Development Institutions to grow their capacity and scale or the COVID-19 fund, which aimed to support these types of organisations financially with grant funding to help them overcome the impact of COVID on their operations.

Do you have a view of the expected size of each investments or average revenues, ebitda/PBT, headcount of the typical Target entities?

The expected size of investee companies can vary from early stage to more established operations but generally they would be seen as small or medium-sized enterprises.

Do you have any insight into anticipated volume of deals expected in the 18-month period and how many low/medium/high due diligence exercises are expected?

We are unable to make a reliable prediction at this time but would probably expect around 5-10 that would progress to the due diligence stage.

Is there any guidance on how often the ad hoc requirements and deliverables would be required (perhaps on past experience, e.g. 1 in 5 deals)?

As above, we are unable to make a reliable prediction at this time but would probably expect around 2-3 in 5.

You have asked for scoring on key ratios and have given examples of those you will expect to see. If you have any specific definitions of what you wish to see included in the make up of those ratios it would be helpful to set them out, particularly those ratios that include capital.

We are flexible in our approach. Whilst some of the ratios are quite straightforward, we are open to

explore these and others in detail and clarify/agree with our chosen partners.

A viability review will require an analysis and assessment of more than the financials and will need to include consideration of commercial, organisational and technical matters. Is it envisaged that this aspect will involve a team consisting of more than one consultant?

For this aspect (no.4 under 'Ad hoc requirements and deliverables'), we expect our chosen partners to work alongside the Fair4All team, providing evaluations and support on the viability of a company.

You make reference to previous due diligence reports for assessment of Covid Resilience funding (low intensity) and the Affordable Credit Score Scale Up Programme (high intensity). Were there templates for these reports that you will wish to be used for these assessments?

We are focused more on the output and quality of the due diligence information than specific formats. Our teams do use a general approach of identifying key points, strengths and concerns and we will work with our chosen partner to cover the material aspects.

Are you able to provide any indication of the number of expected assignments over the period of the contract?

We are unable to make a reliable prediction at this time but would probably expect around 5-10 that would progress to the due diligence stage.

on Page 6 of the Financial Due Diligence Quote Request document under 'Budget and Pricing' the value listed is '£210,00' is the value £210,000 or £210.00 per day?

Apologies, we had a typo in the quote request published originally. This has now been amended and the correct full contract value is £210,000 including VAT and expenses.

Also, just some clarity on what are acceptable expenses?

We would expect expenses to cover ancillary activities such as travel or subsistence

Lastly, whether this mostly a virtual or in person tender?

In terms of the quote request evaluation, we might conduct interviews as outlined in the document; these might be virtual or in person. In terms of the due diligence work, depending on circumstances, this can also be either virtual or in person or a combination of both.

Can you provide us with an estimate of how many organisations do you expect to have for FDD support (requirements 1-2 as mentioned on pg. 3 of the quote request document) over the 18 month period?

We are unable to make a reliable prediction at this time but would probably expect around 5-10 that would progress to the due diligence stage.

Can you provide us with an estimate split of how many low/medium/high intensity diligence projects do you expect to have over the 18 month period?

As above. We would not be able to categorise them by type. The purpose of this procurement is to give us flexible capacity to respond to applications as they arrive.

Can you confirm if the total potential budget envelope of £210k includes only the regular FDD support, with the ad-hoc requests being funded separately?

No, the total potential budget envelope of £210,000 includes both regular and ad-hoc work.

Page 6 of the Quote Request document states the total budget for the project to be “£210,00,” – are you please able to confirm if this is £21,000 or £210,000? I’m not sure if the comma is misplaced, or there is a zero missing, but thought best to seek clarification.

Apologies, we had a typo in the quote request published originally. This has now been amended and the correct full contract value is £210,000 including VAT and expenses.

Please clarify whether the potential budget envelope of £210,000 is for the initial period of 18 months or for the extended period of 30 months?

The budget is £210,000 and the extension is primarily aimed at building in some flexibility to ensure due diligence work can be completed.

Can you please give us a broad indication of the volume of due diligence tasks anticipated or the applications expected to be received/subject to due diligence.

We are unable to make a reliable prediction at this time but would probably expect around 5-10 companies that would progress to the due diligence stage.