

James Burke
request-33988-2adf81ea@whatdotheyknow.com

Our ref: FOI/05/010/014

Your ref:

Direct dial: 0191 229 6817

Date: 17 June 2010

Email: nicola.barnett@onenortheast.co.uk

Dear James

Request for Information under the Freedom of information Act 2000 (the "Act")

Thank you for your email received 20 May 2010 in which you made a request for information that One North East holds. I can confirm that we have completed our investigation into your queries and our response is below.

Your question and our answers are attached at Appendix 1 to this letter, along with two supporting documents.

Please do not hesitate to contact me if you require any further information, or would like to discuss this response.

The information we have supplied to you may contain intellectual property rights of the RDA. Your use of the information must be strictly in accordance with the Copyright Designs and Patents Act 1988 (as amended), or other applicable legislation. In particular, you must not re-use this information for any commercial purpose. If you would like to re-use this information for any commercial purpose you must make a formal request to us under the Re-Use of Public Sector Information Regulations 2005. You can find details of this on our website at www.onenortheast.co.uk.

How to Complain

If you are unhappy with our response, or do not consider that we have handled your request properly and we are unable to resolve this issue informally, you are entitled to make a formal complaint to us under our complaints procedure. You can obtain a copy of our complaints form, policy and procedure from:

Head of Legal Services

Legal Services
Stella House
Goldcrest Way
Newburn Riverside
Newcastle upon Tyne
NE15 8NY

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Margaret Fay OBE
Chairman

Alan Clarke
Chief Executive



north east
england

Alternatively, you can complete the form online at www.onenortheast.co.uk

If you are still unhappy after we have investigated your complaint and reported to you the outcome, you may complain directly to the Information Commissioner's Office and request that it issue a 'decision notice' to ascertain whether we have dealt with your request in accordance with the Act.

The Information Commissioner's Office can be contacted at Wycliffe House, Water Lane, Wilmslow, Cheshire SK9 5AF or via the website at www.ico.gov.uk.

Kind regards

A handwritten signature in black ink, appearing to read 'Nicola Barnett', written in a cursive style.

Nicola Barnett
Specialist Advisor
Legal Services

APPENDIX 1 – Additional JEREMIE queries

1.	<p>6) The original request stated "...please confirm and clarify the arrangement (specifying contract variation terms applied etc. within OJEU09/10-002 and other clarifying information where appropriate concerning subcontracting, joint ventures and partnerships) relating to Rivers Capital Partners Ltd...". This request does not appear to have been answered.</p>	<p>The tender process was conducted in 2 main stages. First, bidders were assessed to join an OJEU-compliant procurement framework. Secondly, successful firms on the framework were asked to bid to run specific Funds. This second phase was called the 'mini competition' phase.</p> <p>Rivers Capital Partners is a joint venture between Pario Au Limited (the parent company of Finance Tree Limited) and E-Synergy Limited; each company holds 50% of the issued share capital of Rivers Capital Partners. It was always clear from the bidding documents that a consortium was the bidding party. Of that consortium, only E-Synergy was FSA-accredited at the point that the framework was created and therefore the framework contract was entered into by E-Synergy as the lead consortium member.</p> <p>In the mini competition phase, the consortium bid and were successful in being appointed to run the Angel Fund. At the point that the mini competition was completed, only E-Synergy was FSA accredited and therefore both E-Synergy and Rivers Capital Partners were parties to the mini competition appointment.</p> <p>At this point Rivers Capital Partners had applied for FSA accreditation. Until that accreditation is received, all regulated activity will be carried on by E-Synergy Ltd with non regulated activities carried on by Rivers Capital Partners. However, it is anticipated that the joint venture company, Rivers Capital Partners will perform all aspects of the contract once accreditation is received.</p>
2.	<p>Please state what the arrangements were in relation to Rivers Capital Partners Ltd assuming a contract and supply copies of appropriate documentation (including contract variations where appropriate) together with dates of all correspondence that was provided during the contract period and after the contract award, if necessary, in relation to the joint venture between E-Synergy Ltd and</p>	<p>Please note that One North East only holds information relating to the procurement of the over-arching framework.</p> <p>The Agency does not hold any such information relating to mini-competitions under the framework. This information is held by North East</p>

	Pario Au Ltd.	Finance (Holdco) Ltd.
3.	<p>9) The original request stated "Please provide a complete update (including redacted correspondence where appropriate) concerning the final position of this audit and any financial corrections made".</p> <p>If the documentation cannot be provided due to it currently being in draft form and not being finalised by the auditors please state if this issue was assessed during the tender evaluation, if this issue did not form part of the evaluation please state reasons why it was not considered to be relevant; and please provide appropriate documentation and clarification regarding this assessment.</p>	<p>This issue was not assessed during either the PQQ or the ITT evaluation.</p> <p>The Public Contract Regulations 2006 (as amended) do not allow Contracting Authorities to consider unsubstantiated audit findings where they do not relate to the PQQ or ITT criteria (as per Regulations 23-26).</p> <p>I attach a copy of the PQQ and ITT criteria, against which submissions were evaluated.</p>
4.	<p>12) The date provided for NEL being appointed to the multi supplier framework of 7th September 2009 appears to be different from the formal Contract Award notice (http://www.scribd.com/doc/31604145/OJEU09-10-002) which records the date of contract award to NEL as being 16th September 2009 for lots 2 & 3.</p> <p>The date provided for NEL being contracted to deliver the Growth Fund under the multi supplier framework provided is 12th September 2009 which appears to be before the multi supplier contract award date.</p> <p>Please clarify these discrepancies and confirm the dates and provide a statement regarding full compliance with The Public Contracts Regulations 2006.</p> <p>Where non-compliance with the regulations is known please provide details of non-compliance and state any remedial action taken or to be taken.</p>	<p>Please accept our apologies – this was a documentation error on my part. The mandatory stand-still period ended on 7 September 2009.</p> <p>The framework agreement is indeed dated 16th September 2009. As stated above the procurement was undertaken by North East Finance (Holdco) Ltd. Having spoken with them I can confirm that the correct date for the award of the Growth Fund to NEL is 12th <u>November</u> 2009.</p> <p>I can confirm that the procurement of the Framework was in full compliance with the Public Contracts Regulations.</p> <p>There are no known instances of non-compliance.</p>



Invitation to Tender and Tender Specification: Fund Management Services for Regional Venture Capital and Loan Funds

Lot 2 - Early Stage Funds

Tender Reference: OJEU0910 – 002 - Lot 2 Early Stage Funds

4 June 2009

One North East
Stella House
Goldcrest Way
Newburn Riverside
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NE15 8NY

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1.0 INTRODUCTION

The Contracting Authority which is managing this procurement exercise is One North East (the Agency), the Regional Development Agency (RDA) for the North East of England, comprising Northumberland, Tyne and Wear, Durham and Tees Valley, created under the Regional Development Agencies Act 1998.

One North East's registered office is Stella House, Goldcrest Way, Newburn Riverside, Newcastle Upon Tyne, NE15 8NY.

1.1 Defined Terms

All of the defined terms in this document have the meaning as detailed below. Defined terms are those in which the first letters of each word are capitalised, e.g. "Contracting Authority".

Centres of Excellence	entities established by the Agency in 2003 to help create wealth by raising productivity across three economic growth areas that present the greatest opportunity for future development and prosperity in the regional economy. The three identified economic growth areas are energy, healthcare and process;
Contract	a contract to manage a specific fund, awarded following a mini-competition among Panel Members to be formalised by the entering into of a Fund Management Agreement, a proforma of which is attached as Schedule 3 of the Framework Agreement;
Contract Notice	the contract notice published in the Official Journal of the European Union on 7 April 2009, reference number 2009/S 67-096958
Contracting Authorities	Contracting Authorities means: <ul style="list-style-type: none">(i) the Agency;(ii) wholly owned subsidiaries and/or any company, organisation or other special purpose vehicle in which the Agency has an ownership interest in or has the ability to acquire an ownership interest in or otherwise participates in with the consent of the Secretary of State pursuant to section 5 of the Regional Development Agencies Act 1998;(iii) any legal entity formed with the consent of the Secretary of State pursuant to section 5 of the Regional Development Agencies Act 1998;(iv) any unincorporated body, group, committee,

other similar organisation in which the Agency participates and / or for which the Agency is accountable;

- (v) any other English Regional Development Agency or other public body;
- (vi) the Agency's Sub Regional Partnerships in County Durham, Tyne & Wear, Northumberland and Tees Valley which the relevant local authority is the accountable body and Contracting Authority;
- (vii) Business and Enterprise North East Ltd (trading as Business Link);
- (viii) Government Office North East;
- (ix) any body, fund or organisation in receipt of public monies;
- (x) any entity referred to in (ii), (iii), (iv) and (ix) which may be created during the term of the Framework Agreement;
- (xi) any other party named in the Contract Notice.

Framework Agreement	a multi-supplier framework agreement between the Agency and Panel Members, substantially in the form supplied with the Tender Documents, which will be entered into as a result of this procurement process, for the purpose of delivering fund management services for regional venture capital and loan funds
Fund Management Agreement	a fund management agreement a proforma of which is attached at Schedule 3 of the Framework Agreement
IAB	the Investment Advisory Board engaged by the JEREMIE Holding Fund Manager for the principal purpose of assisting and advising the JEREMIE Holding Fund Manager on strategic and investment matters relating to the JEREMIE Initiative
Initial Funds	has the meaning given to it in section 5.2
JEREMIE Holding Fund Manager	the corporate entity established to act as the manager of the holding fund to be established as part of the North East of England's participation in the JEREMIE Initiative
JEREMIE Initiative	the Joint European Resources for Micro to Medium Enterprises Initiative of the European Commission and

	the European Investment Bank Group
Legacy Fund	the fund to be established in accordance with the funding arrangements to be entered between the Agency and the JEREMIE Holding Fund Manager which will receive and redeploy all returns generated through the investment activities of those Panel Members awarded a Contract or as the context requires any bank account or investment fund designated by a Contracting Authority for the purpose of holding or investing such returns
Lot	a specific area focussed upon the delivery of fund management services to a particular type or category of investment fund
Panel Member	an organisation capable of delivering fund management services which has entered into a Framework Agreement
Regulations	The Public Contracts Regulations 2006
Services	the fund management services to be delivered in accordance with the requirements detailed in the Specification
Single Programme	the Agency's principal source of investment funding to be utilised throughout the North East of England
SME	a small to medium enterprise as more specifically defined in the General Block Exemption Regulation (Commission Regulation (EC) No. 800/2008) (as amended, substituted or replaced from time to time)
Specification	the Contracting Authorities' detailed requirements for fund management services as set out in the Invitation to Tender and Tender Specification document for each Lot
Tender Documents	documents issued to shortlisted tenderers at Invitation to Tender stage as follows: Invitation to Tender and Tender Specification Framework Agreement Fund Management Agreement
VCLF	Venture Capital and Loan Funds

2.0 THE INVITATION TO TENDER

You have received this document because you have passed the Pre-Qualification Questionnaire stage of this procurement process in respect of the provision of fund management services for Early Stage Funds (Lot 2).

You are now invited to submit a detailed tender to the Agency, answering the questions set out in section 6 of this document to indicate how you would deliver the services required, which are described in section 4 and the Framework Agreement.

The Contract Notice was published in the Official Journal of the European Union on 7 April 2009, reference number 2009/S 67-096958, in respect of this contract award procedure. Please also note the content of that notice.

Please read all of the Tender Documents and seek guidance using the messaging tool within the e-tender as appropriate if you have any queries. Should you be successful, these documents and any subsequent correspondence between you and the Agency will form a binding contract between you and the Agency.

This Invitation to Tender is made available in good faith. No warranty is given as to the accuracy or completeness of the information contained in it and any liability or any inaccuracy or incompleteness is therefore expressly disclaimed by the Agency and its advisers.

The Agency reserves the right to cancel the tendering process at any point.

The Agency is not liable for costs resulting from any cancellation of this tendering process nor for any other costs incurred by those expressing interest in, negotiating or tendering for this contract opportunity. Tenderers must bear all the costs associated with the preparation and submission of their tender and any further costs incurred prior to appointment of Panel Members.

You are deemed to understand fully the processes that the Agency is required to follow under relevant European and UK legislation, including those in relation to public procurement rules and the Regulations. Tenderers should note that the Agency is carrying out the process leading to the appointment of the Panel Members via a restricted procedure in accordance with the Regulations. In accordance with the restricted procedure, tenders must be prepared on the basis of the Framework Agreement and related documents contained within the Tender Documents and no negotiations with tenderers may be entered into at any stage, including at mini-competition stage.

2.1 Confidentiality of Tenders

All Tender Documents supplied by the Agency are for tenderers' use only and should not be forwarded to any person not involved in preparing the tender submission for the tenderer.

All Tender Documents supplied by the Agency shall remain the property of the Agency and must be returned on demand.

You are required by the Agency to respect the following guidelines:

- i You must not disclose to anyone else any information which will be contained in your tender submission, before the date of appointment of Panel Members.
- ii You must not try to obtain any information about anyone else's tender or proposed tender before the date of appointment of Panel Members.
- iii You must not make any arrangements with another party about whether or not they should tender, or otherwise share details of tender prices except where tenderers are considering joint or team tenders which will be accepted providing all participants to the discussions surrounding the tender are clearly stated in the tender submission.
- iv Tender Documents may not be transferred to anyone other than the firm to which the tender was sent without the prior specific approval of the Agency.

2.2 Freedom of Information Act 2000 (the "Act")

- i The Agency is under certain statutory obligations as a Public Authority under the Act and the Regulations. As a consequence the Agency is required to disclose, upon request, any recorded information that it holds to any person anywhere in the world unless a specific statutory exemption applies to the disclosure of such information.
- ii This will include information about the Agency's tendering process and information contained in any documentation you supply to the Agency (including your tender submission).
- iii If you consider that your tender submission (or any other recorded information you supply to us) contains commercially sensitive information which, if it were disclosed, would prejudice your commercial interests or result in a breach of confidence, you should:
 - a clearly identify and keep separate any sections of the tender submission which you would like to be kept confidential and the specific reasons why you consider they should not be disclosed; and
 - b provide an indication as to the duration you consider such information is to remain confidential.
- iv The Agency will determine whether any information that you supply to us is exempt from disclosure pursuant to any Request for Information made under the above legislation, including any information that you have designated as commercially sensitive or confidential. The Agency will endeavour to consult with you before deciding whether or not to disclose, to any third party who has made a Request for Information pursuant to the above legislation, any information you have designated as commercially sensitive or confidential.

- v Tenderers should note that where any tender submissions are expressed to be entirely confidential, in reality, this will be unlikely and the Agency will only treat as confidential any information contained within the tender submission which the Agency considers to be of a truly confidential nature and you are advised to take the actions referred to above.

Please note that in addition to the above the Agency reserves the right to disclose information about the tenderer or the tender submission itself if your submission is successful in order to comply with the Agency's statutory obligations. Additionally, the Agency may disclose the identity of any organisation submitting a tender even if unsuccessful.

2.3 Tender Submission Retention

At the end of the tender process, when the Panel Members have been appointed, tender submissions will be kept for reference purposes for the periods set out below:

- i The successful tender submissions submitted by Panel Members will be kept for a minimum period of six years after the relevant Framework Agreement terminates or expires, before being destroyed;
- ii Any unsuccessful tender submissions will be kept for a period of up to three months from the date of appointment of Panel Members before being destroyed.

2.4 Submission of Tenders

Tenderers must provide and upload documents as requested to the One North East e-tendering portal www.onenortheast.bravosolution.co.uk. Guidance on using the on-line system is in Appendix 5.

Hard copy submissions will not be accepted.

There is no limit to the number of attachments you can upload. It is preferable that attachments uploaded are around 5mb however the system does support uploads up to 50mb.

Please ensure that if you are uploading numerous documents you must give yourself enough time before the closing date to do so.

In addition, uploading large files will take longer.

Please note that the Agency may require evidence of documents at a later stage in the process. Where the information provided is incorrect or cannot be provided the tenderer becomes ineligible and the Agency reserves the right to disqualify the tenderer.

Should you have any difficulties with uploading attachments to the e-tendering portal please contact the e-tendering helpdesk on Telephone number 0800-011-2470 or by email help@bravosolution.co.uk

The Form of Tender (Appendix 2) *must* be completed, signed and submitted in accordance with these Instructions together with your detailed tender submission.

The Certificate of Non-Collusive Tendering (Appendix 3) and the Certificate against Canvassing (Appendix 4) must be completed, signed and submitted with your detailed tender submission.

There should be no UNAUTHORISED alterations or additions to any component of the Tender Documents issued by the Agency. Alterations to electronic documents must be clearly identifiable on screen.

Tenderers are requested to provide the signed certificates as stated above and attach these as uploaded files with your tender submission.

You must sign the Form of Tender, Certificate of Non-Collusive Tendering and Certificate of Non-Canvassing:

- i With your usual signature if a sole trader;
- ii By at least two authorised partners with their usual signature if a partnership, and a copy of the power of attorney authorising them to sign on behalf of the partnership, if appropriate, and
- iii If a limited company the Company Secretary and one other authorised person, giving the legal name of the Company
- iv All signatures must be witnessed. The submission should be signed by those persons who will be signing the contract if the tender is successful. Please indicate if this is not the case and provide the names and position of the signatories to the contract.
- v Your full business/name and main office address must also be provided on all documents. This should be the registered name and address in the case of companies.

2.5 Incomplete Tenders

Tenders **must** be submitted in accordance with these Tender Documents. The Agency may not consider tender submissions that do not contain all information, documents and particulars requested.

2.6 Variant Tenders

Tenderers must confirm that they accept all of the terms of the Framework Agreement, including its schedules. The Agency may consider a pricing structure which differs from that set out at section 6.2 below. Tenderers should therefore complete the pricing matrices as set out therein and, if a tenderer considers appropriate, propose a different pricing structure within their tender submission together with an explanation of the alternative pricing structure. The Agency does not undertake to accept any proposed changes, no negotiations will be entered into and any changes will only be accepted at the discretion of the Agency. The Agency may, at its discretion, opt to accept variations

to the Fund Management Agreement at call-off stage and, where applicable, further details will be provided at that time to participating Panel Members.

2.7 Prices

Tenderers must complete the pricing matrices and provide all other cost information as set out in section 6.2. All unit rates and prices must be quoted in Pounds Sterling and decimal fractions of a pound. There is no restriction on the number of decimal places, but the product of multiplying the rate by the quantity must be expressed in Pounds Sterling and whole Pence.

2.8 Value Added Tax (VAT)

Tendered prices must exclude VAT. Where indicated VAT should be shown separately. Invoices must show VAT separately.

2.9 Tender Validity

Tender submissions should remain open for acceptance for a minimum of 90 days from the tender submission deadline.

2.10 Right to Accept Portion of Tender; Lowest or Any Tender

Unless stipulated by the tenderer the Agency reserves the right to accept any part of the tender submission. The Agency is not bound to accept the lowest or any tender submission or part thereof.

2.11 Right to Reject any or all Tenders

The Agency reserves the right to cancel the tender process and reject all tenders at any time prior to appointment of the Panel Members.

2.12 Right to Amend

The Agency reserves the right to increase or decrease the amount of the Services required under the Framework Agreement and under any Contract.

2.13 Clarification and Verification of Tenders

As part of the evaluation process and before awarding a Framework Agreement to any tenderer, the Agency reserves the right to

- i. seek clarification from the tenderer as to any aspects of the Tender; and
- ii. contact the clients or customers whose contract(s) the tenderer has used to support its submission in order to check and confirm that any or all information contained in the tender submission is true, accurate and not misleading.

2.14 Information to be Included in Tender

The tender submission should include:

- i Form of Tender (Appendix 2)
- ii Certificate of Non-Collusive Tendering (Appendix 3)
- iii Certificate Against Canvassing (Appendix 4)
- iv Response to all questions in section 6.1 (Fund Management Methodology)
- v Pricing Information in section 6.2 (including pricing matrices)
- vi Response to all questions in section 6.3 (Delivery Methodology)

2.15 Form of Framework Agreement

After notification of selection to the successful tenderers and until the execution of the formal Framework Agreement, the respective tenders will form a binding contract between the Agency and the successful tenderers upon the terms and conditions of the Framework Agreement.

3.0 BACKGROUND

3.1 One North East

England's Regional Development Agencies were established in April 1999 by the Government to further economic development and regeneration. The Agency, together with regional partners, is responsible for producing the North East's regional economic strategy, which has led to the development of a diverse range of programmes and initiatives throughout all parts of the region.

Ensuring SMEs can access the funding they need to start-up and grow is a key element of the North East's current regional economic strategy. The Agency and its regional partners have been successful in recent years in utilising public and private finance to develop a range of "Access to Finance" initiatives, including investment funds and associated business support mechanisms such as mentoring, provision of non-executive directors, business angel network development, investment readiness provision, etc. These are intended to complement private sector provision and address the finance gap faced by early stage businesses in the region.

3.2 Background to the Procurement

The Agency is seeking, via a restricted procurement procedure, to create a panel of fund managers to provide investment and portfolio management services to regional venture capital and loan funds. The principal reason for creating this panel is to provide services for the North East of England JEREMIE programme, but it may also be used to source fund management services for other activities.

JEREMIE is the Joint European Resources for Micro to Medium Enterprises initiative of the European Commission and the European Investment Fund, which is designed to increase the availability of finance to micro, small and medium enterprises in the European Union. The North East of England region is in the process of establishing a holding fund under the JEREMIE initiative and hopes that it will raise initially £125m of investment capital, for investment and realisation over an approximately ten year period beginning towards the end of 2009. The investors in the JEREMIE fund are expected to be the European Investment Bank, the European Regional Development Fund and the Agency.

It is envisaged that the JEREMIE holding fund will:

- facilitate access to a comprehensive 'continuum of finance' for SMEs in the region including integrating fully with offerings from other regional and national products such as the Enterprise Capital Funds and the Enterprise Guarantee Scheme in order to maximize investment from these programmes into the region;
- contribute to the delivery of the Regional Economic Strategy and ERDF Operational Programme objectives;
- target a residual legacy return to the region that is greater than all of the initial public sector contributions, generating a self-sustaining Legacy Fund;
- maximise the returns and minimise the operational and delivery costs; and
- maximise private sector investment and leverage.

In addition to achieving the maximum possible return on sums invested, Panel Members which are awarded Contracts will also have to achieve outputs which contribute to the delivery of the objectives of the ERDF Competitiveness Programme and the Regional Economic Strategy. These are likely to include some or all of the following: investing in a target number of SMEs; concluding a target number of initial investments and follow-on investments; achieving a specified average investment size; creating or safeguarding a target number of jobs within SMEs.

The Agency wishes to enter into a Framework Agreement with potential fund managers in relation to the supply of fund and portfolio management services across three broad areas of investment: (1) technology funds; (2) early stage funds and (3) later stage funds. These broad areas are individual Lots for the purposes of this procurement exercise.

3.3 The Framework Agreement

The Agency will enter into a Framework Agreement with each successful tenderer. Collectively, the organisations which enter into Framework Agreements with the Agency will form a 'panel' of fund managers. Panel Members will, from time to time, be offered the opportunity to participate in mini-competitions between Panel Members for the opportunity to manage investment funds as they are created by the Agency, the JEREMIE Holding Fund Manager or other Contracting Authorities. If an organisation is appointed as a Panel Member in relation to more than one Lot on the Framework Agreement (i.e. technology funds and/or early stage funds and later stage funds), it is anticipated that it will enter into one Framework Agreement with the Agency, which will apply to services to be supplied under all Lots for which it is successful.

When the Agency or another Contracting Authority (including the JEREMIE Holding Fund Manager) wishes to award a Contract, it will inform the Panel Members for the relevant Lot of the detailed requirements of the investment fund and will invite tenders from each Panel Member.

This further tender process is referred to as a 'mini-competition' among the Panel Members from each Lot. It is anticipated that each mini-competition should be completed (from start to the award of the contract) within 4-5 weeks. The procedure which will be followed is outlined in section 5 and schedule 4 to the Framework Agreement.

3.4 Contracting Authorities

Tenderers should be aware that the Agency may allow one or more other Contracting Authorities to access the concluded Framework Agreement, without creating any obligation on any of them to do so. In that event, the contractual relationship for any resulting Contract would be between the approved individual body accessing the Framework Agreement and the successful Panel Member.

It is anticipated that the JEREMIE Holding Fund Manager will be one of the Contracting Authorities which will access the Framework Agreement.

In addition, the Agency may novate this process and/or the Framework Agreement to

one of its wholly owned subsidiaries and/or any company, organisation or other special purpose vehicle which the Agency has an ownership interest in, or otherwise participates in, with the consent of the Secretary of State pursuant to Section 5 of the Regional Development Agencies Act 1998.

4.0 SERVICES

4.1 The Services

Lot 2 - Early Stage Funds

The services which may be required of fund managers in respect of this Lot are as detailed below.

Funds for which Contracts will be awarded under this Lot will address the earlier business start up and development demand stages (proof of concept, establishment, product and market development) and will invest in less mature businesses which may not yet be revenue generating. They may be structured to invest in all eligible business sectors. The services which may be required are:

- Operating one or more funds in accordance with the terms of the fund management agreement entered into with the JEREMIE holding fund management company or other contracting authority;
- Identifying SMEs and pre-start enterprises which are eligible for investment in accordance with the rules of the fund, conducting appropriate commercial and technical due diligence and structuring deals;
- Generating deal flow and working with investee companies in the North East of England before and after concluding investments;
- Conducting technical and commercial due diligence on and making investments in companies operating across multiple sectors and with diverse business models;
- Concluding equity, quasi-equity and debt investments (as appropriate to the fund's investment type), ranging in value from £10,000 to £1.25m (in accordance with the investment policy of the individual investment fund, as determined by the holding fund manager and set out in the fund management agreement), in eligible SMEs located in the North East of England;
- Managing the fund so that it meets or exceeds the output targets specified in the fund management agreement, which will relate to outputs such as: investing the full amount of capital committed; investing in a target number of SMEs and concluding a target number of initial investments and follow-on investments; achieving a specified average investment size; creating or safeguarding jobs within investee SMEs etc;
- Maximising, where appropriate, the additional investment made by private sector co-investors into investee companies;
- Managing the investment portfolio to add value to investee companies and achieve profitable exits for the fund;
- Where appropriate, participating in the management of investee companies by appointing executive or non-executive directors to their boards;
- Managing the investment fund so as to maximise the returns to the investors/legacy fund while minimising the operational costs and the costs to investee companies;
- Performing all necessary finance and accounting functions for the fund (as appropriate to the legal structure of the fund), including keeping proper accounting records, preparing accounts, preparing valuations of individual investments and of the fund portfolio as a whole;
- Performing administrative functions on behalf of the fund as appropriate to the legal structure of the fund including, for example, the services of the general partner of a

limited partnership; representing the fund/partnership in engaging agents, solicitors, accountants, custodians, consultants etc;

- Monitoring the investment portfolio and providing regular reports on investment activity, fund performance and related outputs to the JEREMIE holding fund management company (or other contracting authority);
- Marketing the investment fund to the appropriate market sectors and professional services intermediaries, in accordance with any directions or procedures stipulated in the fund management agreement;
- Developing, maintaining and exploiting networks in relevant academic and investment communities, in particular the business angel investor community;
- Maintaining networks in financial markets and with entrepreneurs, investors, professional intermediaries; and
- Maintaining complete and accurate records in relation to the activities of the fund and retaining them for the prescribed period in accordance with the detailed requirements which will be specified in the Contract.

4.2 Compliance Requirements

Any Panel Member awarded a Contract under the Framework Agreement for this Lot will also be required to:

- Develop and agree a business plan for the delivery of the investment fund with the relevant Contracting Authority / JEREMIE Holding Fund Manager (as appropriate);
- Confirm compliance with, where relevant:
 - the requirements of funders to an investment fund and / or the JEREMIE Holding Fund e.g. ERDF, EIB and Single Programme as notified to the fund manager by the Contracting Authority / JEREMIE Holding Fund Manager from time to time
 - the Business Support Simplification Process (BSSP) directed by BERR (please refer to section 4.4 below)
 - State Aid rules (please refer to section 4.3 below)
 - branding requirements for funds as required by funders
- Maintain full records on all activity under the Contract including financial and accounting records and comply with any documentation retention policies as notified to the fund manager from time to time;
- Provide monthly progress reports to the Contracting Authority in relation to the delivery of services under the Contract. A standard reporting format will be provided;
- Attend meetings with stakeholders such as the IAB, the JEREMIE Holding Fund Manager and the Agency and present project progress reports;
- Produce audited financial year end reports for each fund; and
- Give access to and cooperate with auditors, monitoring officers and evaluators as required to ensure compliance with requirements. These may either be staff from the Contracting Authority or independent third parties.

4.3 State Aid

Tenderers should note that as an element of the JEREMIE holding fund or any other fund to be called-off during the period of the Framework Agreement will be established through the use of public funds, State Aid rules must be followed in order to ensure that public funds do not distort the common market by giving certain organisations an unfair competitive advantage.

Specifically, the structure of the JEREMIE holding fund has been designed to comply with State Aid rules. Investments to be made from the individual investment funds will also need to be compliant with these rules. Consequently, Panel Members awarded a Contract will be expected to have and maintain an appropriate and up to date awareness of the State Aid issues which are relevant to the fund to which they are appointed to manage. In addition, fund managers will be expected to comply with guidance issued by a Contracting Authority / the JEREMIE Holding Fund Manager (as the case may be) from time to time in order to ensure that all investments made by fund managers are compliant with applicable State Aid rules.

It is envisaged that investments made from individual products will be compliant with State Aid rules as a result of the following mechanisms:

- No Aid – an individual investment will not confer any State Aid as a result of the investment being made at market rates
- De Minimis –an investment falling within the De Minimis Block Exemption
- GBER – an investment falling within the General Block Exemption which enables certain risk capital measures to be undertaken without obtaining the prior approval of the European Commission.
- Notification – a scheme that has been approved by the European Commission through its notification process

4.4 Business Support Simplification Programme

In carrying out their services, Panel Members appointed under any Contract will, where applicable, be required to comply with the national Business Support Simplification Programme as developed and currently promoted by the Department for Business Enterprise and Regulatory Reform ("BERR") including any changes to that programme introduced by BERR.

In practice, this will require fund managers to comply (at no additional cost to a Contracting Authority) with the directions of the Contracting Authority / JEREMIE Holding Fund Manager from time to time. In the context of the individual investment funds, it is anticipated that fund managers will be expected to comply with directions, guidance or procedures covering the following areas:

- Types of financial instrument and investment sizes - these requirements will be incorporated into the Investment Policy for any new fund;
- Branding of individual investment funds;
- Use of branding in any publicity relating to investment funds;
- Marketing of product funds.

Further information on the Business Support Simplification Programme may be obtained from <http://www.businesssupportnortheast.co.uk/>

4.5 Investment Types

The key aims of regional investment funds are: (1) to ensure that investment finance is available to regional SMEs and pre-start enterprises and (2) to ensure that the available investment capital is invested fully and in such a way as to maximise the outputs for the Region. These outputs consist of economic outputs such as business and job creation and the generation of a financial return to the Legacy Fund.

The precise nature and size of funds to be launched under the JEREMIE programme will be communicated at the mini-competition stage. However, within JEREMIE and other regional VCLF programmes which will access the Framework Agreements, there will generally be three investment types deployed:

- Proof of Concept finance
- Equity investments
- Quasi-equity investments

This procurement exercise, and the Framework Agreements, will therefore not be used to secure fund management services for any investment funds which will operate exclusively as loan funds.

The JEREMIE model has been designed to produce a balanced portfolio of cash generating investments which will be used to service the JEREMIE funders during the life of the fund as well as producing a long term return to the Legacy Fund.

A summary of the key characteristics of the three investment types is set out below.

Proof of Concept Investments

A 'proof of concept' investment type refers to investments which fund the following types of activity: market assessment, product costing, business case development, technology verification; prototyping and scale-up studies; intellectual property development; market assessment; product costing; business case development. Proof of Concept funding in the North East has to date taken the form of a convertible loan that is repayable or convertible to equity on receipt of further investment monies or when the business reaches certain milestones.

Equity Investments

Equity investments, refers to 'typical' venture capital investments where the investor acquires an equity stake in the company with a view to achieving an exit, and a significant capital gain, in the medium term – e.g. within 3 to 5 years.

Funds established under the JEREMIE programme or other VCLF programmes which are intended primarily to make equity investments are unlikely to be precluded from including debt or preference share components within deal structures. However, they

are likely to require that the majority of the fund's investments are taken in the form of ordinary equity.

Quasi Equity Investments

Quasi equity products are defined under EC State aid regulations as: "*...instruments whose return for the holder (investor / lender) is predominantly based on the profits or losses of the underlying...company and are unsecured in the event of default*". Tenderers should note that quasi-equity investments are expected to form a significant part of the JEREMIE product portfolio and accordingly make a significant contribution to the investment returns of the JEREMIE portfolio.

Quasi-equity products developed within the JEREMIE portfolio will comply with EC State aid definitions and are anticipated to provide a mix of financial instruments that have characteristics of both debt and equity, as is commonly the case for mezzanine funding.

5.0 CONTRACT DETAILS & FRAMEWORK AGREEMENT ARRANGEMENTS

5.1 Framework Agreement Term

The Framework Agreement will be entered into for a period of up to 4 years, during which time Contracting Authorities may invite Panel Members to tender to provide services for specific funds.

Individual Contracts awarded from time to time under the Framework Agreement may be for a duration of up to approximately ten years, depending on the nature of services to be provided and the fund in respect of which those services are required.

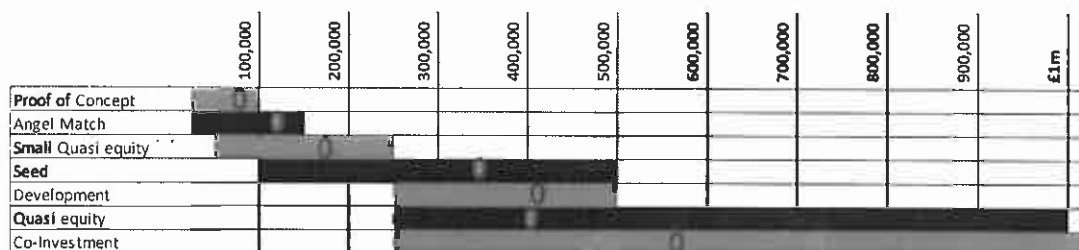
5.2 Anticipated Activity

The Contracts likely to be awarded to Panel Members over the duration of the Framework Agreement are as detailed in the Contract Notice and the Information Memorandum which accompanied the PQQ documents. In summary:

- It is estimated that between 3 and 9 Contracts will be awarded in total (i.e. from Lots 1, 2 and 3) over the 4 year term of the Framework Agreement;
- The estimated total value of these Contracts is between £25m and £35m;
- The JEREMIE Holding Fund Manager will, following the successful establishment of the North East JEREMIE fund, seek to award Contracts for between 3 and 6 funds during the autumn of 2009 (Initial Funds);
- The investment capital committed to the Initial Funds is likely to be £110m, as this amount has been provisionally allocated to the eight funding areas identified in the Information Memorandum which accompanied the PQQ documents;
- It is anticipated that a further £15m will be available to the JEREMIE Holding Fund Manager to use to establish additional funds or to increase its capital commitment to the Initial Funds;
- Provisional estimates of the amount of investment capital which will be allocated to each Lot within the framework are: Technology Funds (Lot 1): £20m to £50m; Early Stage Funds (Lot 2): £5m to £30m and Later Stage Funds (Lot 3): £30m to £65m
- The initial funding types and provisional capital allocations are:
 - Proof of Concept - £12.5 million
 - Angel Match - £5 million
 - Seed - £12.5 million
 - Small Quasi-Equity Investments - £20 million
 - Development Capital - £25 million
 - Co-Investment - £20 million
 - Large Quasi-Equity Investments - £10 million

The chart below provides an illustration of the possible funding types/demand areas together with illustrative parameters of investment sizes. Relevant parameters/outputs will be incorporated into the investment policies of individual

funds which Panel Members who are awarded a Contract will be required to comply with.



Anticipated average per SME:

5.3 Contract Fees

Fees payable to Panel Members who are awarded a Contract will be determined by their responses to the questions in section 6.2 of this document, clarified or refined during the call-off process for specific funds. Fees will be determined by the size and nature of the fund under management – as determined at the mini-competition stage.

5.4 Terms and Conditions

The Framework Agreement will be awarded substantially on the terms set out at Appendix 1 (Framework Agreement). Any Contracts will be subject to terms and conditions which will be set out in the Fund Management Agreement, a proforma of which is attached at Schedule 3 to the Framework Agreement.

Tenderers are reminded that the Agency is carrying out the process leading to the appointment of the Panel Members via a restricted procedure in accordance with the Regulations. In accordance with the restricted procedure, tenders must be prepared on the basis of the Framework Agreement and related documents contained within the Tender Documents and no negotiations with tenderers may be entered into at any stage, including at mini-competition stage.

5.5 Contract Management

The Framework Agreement will be managed by the Agency. A Contracting Authority will engage directly with Panel Members in respect of Contracts to be awarded.

5.6 Establishment of Funds

As and when individual investment funds are established, for those funds established as limited partnerships, the Contracting Authority reserves the right to participate as a shareholder or member of the general partner with approval rights in respect of key decisions in relation to the operation of the limited partnership, including, for example, the right to require changes to the fund's investment policy resulting from changes to the market demand for the fund, approval of conflicts of interest or changes required as a result of legal, regulatory or policy changes in the United Kingdom or the European Union. For those funds not established as limited partnerships, the Contracting Authority

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reserves the right to retain similar rights over the respective fund as it would have obtained had the fund been established as a limited partnership.

6.0 TENDER RESPONSES

Tenders will be evaluated against the contract award criteria as set out in Section 7 below.

Please provide written replies to all of the following questions set out in sections 6.1 to 6.3 below. These relate to the services you would be required to deliver should you succeed in becoming a Panel Member and are subsequently awarded a Contract.

6.1 Fund Management Methodology

If you consider that your fund management methodologies, or cost, may vary depending on the investment type under management, please describe the differences (with reference to the relevant investment types described in section 4.5 above) when answering the questions set out below.

6.1.1 Investment profile

1) What would be your approach to sourcing investment opportunities?

Include a description of how this compares to your existing activities.

Specify how this might vary for the different investment types described in section 4.5.

2) What process would you use to ensure compliance with the Investment Policy of a fund at all times?

The Investment Policy describes the various parameters within which the fund must operate relating to (among other considerations) number, size and nature of investments to be made by the fund; requirement to syndicate investments; appropriate financial instruments; excluded sectors etc.)

3) How would you ensure that you can meet the required/agreed investment profile over the investment period in terms of amounts to be invested and number of SMEs assisted?

4) What would be your approach to ensuring that you comply at all times with relevant regulatory requirements such as the funders' eligible sectors (including EIB and ERDF restrictions), State Aid, Business Support Simplification Programme (as described in section 4 above)?

5) Please describe what your investment appraisal process would be, from initial assessment to completion.

Include a description of how this compares to your existing activities. Note that this process will be reflected in the Contract.

- 6) **For funds where a minimum level of syndication will be mandated on a deal by deal basis, what would be your approach to sourcing co-investment?**

Please also describe your current network of possible syndication partners.

- 7) **What would be your approach to syndication where co-investment is not a pre-requisite?**

Include a description of how this compares to your existing activities, e.g. syndication levels in current funds under management

- 8) **How would you decide on what levels of follow-on investment (if any) to provide to investee companies?**

Include a description of how this compares to your existing activities.

Specify how this might vary for the different investment types detailed in section 4.5.

- 9) **How would you deal with syndication on follow-on investments in circumstances where the investee's funding requirements exceed or are likely to exceed the amount available to the fund to invest, having reached its permitted limit per SME.**

Include a description of how this compares to your existing activities.

6.1.2 Investment performance

- 1) **What approach would you take to portfolio monitoring and management?**

Include a description of how this compares to your existing activities.

- 2) **How will you add value to the companies in which you have invested?**

Specify how this might vary for the different investment types described in section 4.5.

- 3) **What would be your approach to maximising the financial return from the funds?**

Consider both prevention of bad debt/ failures and exit strategies.

Include on what basis you believe this approach will be successful (e.g. current performance)

- 4) **What would be your approach to integrating with the regional business support organisations, such as Business Link?**

6.1.3 Conflict management

- 1) **What conflict (if any) do you perceive there might be:**
 - a) **if you managed a JEREMIE fund alongside one of your other funds and/or two JEREMIE/Regional funds alongside each other; and**
 - b) **in relation to any aspect of the delivery of the Services by your organisation in the future.**

- 2) **What process would you put in place to address this?**

Include how this compares to any existing practice. Note that this process will be referred to in the Contract and tenderers will be required to comply with it unless otherwise authorised or instructed pursuant to the terms of the Contract.

6.1.4 Quality Assurance

- 1) **Describe your procedures for quality assuring your work at all stages of delivering the services.**

6.2 Pricing

Tenderers are requested to provide detailed pricing information and perspective on other fees and costs associated with the investment and portfolio management services for the JEREMIE / regional funds to be called off as Contracts under the Framework Agreement.

Pricing will be assessed on the basis of value for money and will take into account:

- fund management fees for different types and sizes of funds;
- income derived from completing investments such as arrangement and monitoring fees;
- any other fee components.

Note that the pricing information supplied by tenderers in their tender will form the basis of Schedule 2 (Pricing Schedule) of the Framework Agreement if the tender is successful. When individual funds are called off under a mini-competition process, Panel Members must ensure that their pricing for the mini-competition tender falls within or below the parameters set out in Schedule 2 of the Framework Agreement.

The information which you supply in response to sections 6.2.1 and 6.2.2 (Fund Management Fees and Arrangement and Monitoring Fees) will represent the maximum fund management fee you propose to charge.

At mini-competition stage Panel Members will be asked to indicate their fee levels for specific funds - and a proportion of this fund management fee may be activity related (e.g. achieving output targets) and will be determined once individual investment funds

are established. Further detail will be provided to Panel Members at the mini-competition stage.

The Agency may consider a pricing structure which differs from that set out in this section but only if the tenderer has submitted a complete response to the request for pricing information as set out in this section. Tenderers should complete the pricing matrices as set out below and, if appropriate, propose a different pricing structure within their tender submission together with an explanation of the alternative pricing structure. Any tenders submitted without a complete response to the request for pricing information as set out in this section, with only an alternative pricing structure will be disqualified. The Agency does not undertake to accept any proposed changes, no negotiations will be entered into and any changes will only be accepted at the discretion of the Agency.

At mini-competition stage, the JEREMIE Holding Fund Manager (or other Contracting Authority) may offer performance/impact-related remuneration structures to Panel Members, if these are considered appropriate to the nature and legal structure of the fund. These may include carried interest or performance-related bonus arrangements. Panel Members submitting tenders in the mini-competition for such funds will at that time be asked for their proposals in relation to any such bonus/incentivisation structures.

When responding to the questions on fees in each of the following sections, please indicate whether you anticipate that VAT will be payable.

6.2.1 Fund management fees

Fund management fees might vary according to the size and nature of an individual fund and tenderers are therefore asked to complete the pricing matrices set out below quoting their proposed maximum fee levels. In completing the pricing matrices, tenderers should note the following:

- the detail set out in the matrices are illustrative only and may not reflect actual fund sizes or investment types;
- the fees you quote in completing the matrices will be the maximum you can charge for these services but you will have the opportunity to propose lower fees in response to each mini-competition for specific funds;
- detailed information in relation to individual investment funds and investment types will be provided to Panel Members at the mini-competition stage. This information will enable tenderers to assess the levels of work required in relation to individual funds enabling tenderers to adjust their pricing accordingly.
- fees are to be shown as a percentage of funds under management both for the investment phase of a fund and its realisation phase. These fees will be deemed to include fund / portfolio management services, and fees associated with monitoring and reporting to the Contracting Authority.
- fees for the realisation phase of a fund may not be constant for the duration of the realisation phase but may be calculated at the beginning of each year based on the acquisition cost of the current portfolio, i.e. the live investments which have not been realised or written off;
- tenderers may want to indicate that they do not wish to enter into contracts of a particular size and / or nature by entering N/A in the relevant cells.
- fees will be calculated on a fund by fund basis.

- Fund management fees during both the investment and realisation phases will be calculated and paid on the target average investment size (per SME) of the fund, as specified in the fund's investment policy. For the avoidance of doubt, fees will *not* be calculated or paid on the size of actual investments concluded by the fund, on a deal-by-deal basis.

6.2.1.1 Completion of Matrices

Tenderers are able to provide a range of prices which enable them to differentiate what they might charge depending on either or both the size of the fund and the average size of investments to be made by a fund. The matrices also enable differentiation by the type of investment types as set out in section 4.5 above.

In order to provide guidance to fund managers completing the fund management fee matrices, the following clarification examples are provided.

- For a fund of between £5 and £10 million with an average fund investment size of under £150,000 the tender would quote A% p.a. of the funds under management.
- For a fund of over £10 up to £20 million with a similar average fund investment size of under £150,000 the tender would quote B% p.a. of the funds under management.
- For a fund between £5 and £10 million with an average fund investment size of in excess of £150,000 the tender would quote C% p.a. of the funds under management.
- For a fund of over £10 up to £20 million with a similar average fund investment size of in excess of £150,000 the tender would quote D% p.a. of the funds under management.

Average investment made by fund		
Fund Size	<150	150 - 250
£5m-£10m	A	B
£10m +	C	D

As a further illustration:

- Should a fund of £7,500,000 be created with an average fund investment size of £100,000 then the fund management cost would not exceed A% p.a. of funds under management.
- Should the £7,500,000 fund subsequently be increased to £12,000,000 (whilst still maintaining an average investment size of £100,000 per investment) then the fund management cost would not exceed C% p.a. from the point at which the increased fund size was agreed with the fund manager.

The pricing matrices set out in sections 6.2.1.2, 6.2.1.3 and 6.2.1.4 must be considered and completed as part of your tender submission.

6.2.1.2 Proof of Concept Investment Types

Investment period

Average investment size of fund per SME (£ thousand)		
Fund Size	<150	150 - 250
£5m-10m	%	%
£10m+ - £20m	%	%

Realisation period

Average investment size of fund per SME (£ thousand)		
Fund Size	<150	150 - 250
<£5m	%	%
£5m-£10m	%	%
£10m+ - £20m	%	%

6.2.1.3 Equity Investment Types

Investment period

Average investment size of fund per SME (£ thousand)				
Fund Size	<250	251- 500	500-1,000	>1,000
£5m-£10m	%	%	%	
£10m+ - £20m	%	%	%	
£20m+ - £30m	%	%	%	
>£30m	%	%	%	

Realisation period

Average investment size of fund per SME (£ thousand)				
Fund Size	<250	251- 500	500-1,000	>1,000
<£5m	%	%	%	
£5m- £10m	%	%	%	
£10m + - £20m	%	%	%	
£20m + - £30m	%	%	%	
>£30m	%	%	%	

6.2.1.4 Quasi-equity Investment TypesInvestment period

Average investment size of fund per SME (£ thousand)				
Fund Size	<250	251- 500	500-1,000	>1,000
£5m- £10m	%	%	%	
£10m+ - £20m	%	%	%	
£20m+ - £30m	%	%	%	
>£30m	%	%	%	

Realisation period

Average investment size of fund per SME (£ thousand)				
Fund Size	<250	251- 500	500-1,000	>1,000
<£5m	%	%	%	
£5m- 10m	%	%	%	
£10m+ - £20m	%	%	%	
£20m+ - £30m	%	%	%	
>£30m	%	%	%	

6.2.1.5 Multiple Funds

Tenderers should confirm whether or not their fee levels will change if they are awarded multiple funds to manage and, if so, should include how they will change.

6.2.2 Arrangement and Monitoring Fees

Please state what (if anything) you might propose to charge by way of arrangement and monitoring fees.

Tenderers should note:

- due to restrictions imposed by funders and/or EU regulations, it may not be permissible for fund managers to charge any arrangement or monitoring fees to investee SMEs, or the extent to which such fees can be charge to investee SMEs may be restricted;
- in the even that arrangement and monitoring fees are charged by a fund manager but cannot (e.g. due to funders' or EU restrictions) be charged to the investee SMEs, they will be considered (and may be paid) as part of the overall compensation to the fund managers;
- arrangement and monitoring fees which you propose to charge will be included in the overall value for money assessment of your pricing structure.

6.2.3 Other fees and costs

Please describe any and all other fees or costs that you will impose in the course of managing the funds.

For example:

- *Fees charged for the provision of non-executive directors or fund raising services*
- *Extent to which fees and expenses for abortive transactions are payable by the funds*
- *Any other fees, charges, and expenses which may be payable (either by the fund or its investee companies) to the fund manager or its associated entities, directors, employees, consultants or non-executive directors of investee companies nominated by the fund manager*

6.3 Delivery Methodology

- 1) **What would be your approach to ensuring a presence in the Region commensurate with the size of JEREMIE/Regional funds under management?**

- 2) **How would you resource the monitoring and reporting requirements (as outlined in clause 19 of the Contract) for the JEREMIE/Regional funds?**

Include how this compares to current resources.

- 3) **How would you source the fund management staff required to deliver new funds?**

Where additional staff are required, specify who would lead recruitment and their track record in attracting talent. Include sample biographies of prospective fund managers.

Please specify the likely timescales to recruit/relocate required fund management staff.

Specify likely timescales to recruit required investment management staff and specify who you consider to be the key members of your investment management staff. Tenderers should note that the Framework Agreement and the Fund Management Agreement contain obligations in relation to the maintenance and replacement of key personnel.

- 4) **What would be your approach to starting operations of the fund(s) within desired timescales once individual Contracts are awarded?**

For perspective, whilst the Framework Agreement is likely to be awarded in August 2009, initial fund management Contracts are expected to be awarded early October and funds thereunder will be required to start investing from January 2010.

6.4 Clarification and References

Please see section 2.14 regarding the Agency's right to clarify Tenders and verify information. Any such clarification or verification will be used within the evaluation process with reference to whichever is the relevant criterion/criteria in the circumstances.

7.0 CONTRACT AWARD CRITERIA AND PROCESS

As indicated in the Contract Notice, the appointment of Panel Members will be made on the basis of the most economically advantageous tenders and will be evaluated against the following criteria:

Award criterion 1: FUND MANAGEMENT: <i>Ability to maximise outputs</i>	
Sub-criteria	Weighting %
Demonstration of methodology to meet the investment profile	9
Demonstration of methodology to ensure survival and growth of investee companies	9
Demonstration of methodology to generate private sector investment and leverage	9
Demonstration of methodology to generate a sizeable Legacy Fund	4
Management of conflict with other funds under management (JEREMIE or non JEREMIE) in generating outputs	4
Sub-total	35
Award criterion 2: PRICING	
Level of fund management fees and other fees	30
Sub-total	30
Award criterion 3: DELIVERY: <i>Appropriate and timely delivery of services</i>	

Appropriate commitment to maintain a presence in the Region commensurate with the size of the JEREMIE/Regional funds under management	10
Appropriate resourcing of monitoring and reporting requirements	5
Appropriate project team	10
Timely start to operations	10
Sub-total	35
TOTAL	100

Tenderers may be required to meet with the evaluation panel to discuss their approach and have an opportunity to clarify their tenders. The assessment panel is anticipated to take place in late July/early August 2009. The evaluation panel will use the outcome of the meeting to revisit and, where appropriate, revise the scores for any affected criteria.

The Contracting Authority intends to appoint a maximum of 3 tenderers to each Lot of the Framework. Once the evaluation process has concluded and verification has been sought (if required) the Contracting Authority will appoint the three highest scoring tenderers to each Lot (should there be three suitable for the Lot).

8.0 QUERIES

All queries in connection with this tender should be made through the 'messaging tool' of the eTendering toolkit www.onenortheast.bravosolution.co.uk

Direct or indirect canvassing of any other person within, or associated with, the Agency, any public sector employee or agent by any potential tenderer concerning this award process, or any attempt to procure information from any other person within, or associated with, the Agency, any public sector employee or agent concerning this ITT may result in the disqualification of the relevant tenderer from further consideration in this award process.

9.0 TENDER RETURNS

The completed tender submission and associated documents must be submitted via the eTendering toolkit (www.onenortheast.bravosolution.co.uk) by no later than **12:00 noon 9 July 2009**. **Attachments should contain the reference 'Tender Documents OJEU0910 -002 – Lot 2'.**

Please note: no late tender submissions will be accepted.

10.0 PROCUREMENT TIMESCALE AND PANELS

An indicative timetable for the stages of the procurement following submission of tenders is set out below:

Stage	Approx Date(s)
Tender Submission Deadline	12 noon 9 July 2009
Tenderers to be available to present to evaluation panel	Aprox w/c 3 August 2009
Evaluation of tenders, including presentations by tenderers	Aprox w/c 10 August 2009
Tenderers informed of intention to appoint to Framework Agreement	Approx w/c 24 August 2009
10 Day Mandatory Standstill Period	Early September 2009
Formal completion of Framework Agreement	Approx w/c 28 September 2009
Mini-competitions for JEREMIE product funds	Approx w/c 5/10 October 2009
Award JEREMIE investment fund management Contracts	Approx w/c 19 October 2009

The panels who will evaluate tenders will comprise representatives of:

- the JEREMIE Investment Advisory Board;
- the Agency and partner organisations.

APPENDIX 1

Framework Agreement

[Please see separate document included with these Tender Documents]

APPENDIX 2

Form of Tender

One North East
Stella House
Goldcrest Way
Newburn Riverside
Newburn
Newcastle upon Tyne
NE15 8NY

For the Attention of: Legal Services - Procurement Section

TENDER FOR: Fund Management Services for Regional Venture Capital and Loan Funds - Lot 2 - Early Stage Funds

- 1 I/We have read the documents listed below and, subject to and upon the terms and conditions contained in the said documents, I/We offer to enter into the Framework Agreement in accordance with my/our Tender submission.
- 2 **Terms and Conditions**
 - i I/We agree that any contract which may result from this Tender shall be based upon the documents listed below (and any other supplementary information provided by you during the tender period) (the "Contract") and that the Agency is One North East, Stella House, Goldcrest Way, Newburn Riverside, Newburn, Newcastle upon Tyne, NE15 8NY:
 - a Framework Agreement
 - b Tender submission (which includes pricing information)
 - ii I/We agree that any other terms or conditions of contract or any general reservations which may be printed on any correspondence emanating from me/us in connection with this Tender or with any contract resulting from this tender, shall not be applicable to the Contract.
- 3 I/We attach a signed and witnessed Certificate of Non-Collusive Tendering and Certificate against Canvassing.
- 4 I/We agree that any contract that may result from this Tender shall be subject to the law of England and Wales.
- 5 I/We have abided by the Confidentiality of Tenders requirement set out in the Invitation to Tender and Tender Specification.
- 6 The prices quoted in this Tender are valid for 90 days from the date of the Tender Deadline.

- 7 I/We agree that in the event of acceptance of our Tender and any agreed variations to execute the Contract within 14 working days of such acceptance (or as agreed otherwise with the Agency) and in the interim comply with the terms of the Framework Agreement.
- 8 I/We understand that the Agency reserves the right to accept or refuse this Tender whether it is lower, the same, or higher than any other Tender and may accept more than one Tender.
- 9 I/We confirm that the information supplied to you and forming part of this Tender including (for the avoidance of doubt) any information supplied to you as part of our initial expression of interest in tendering (if any), was true and remains true and accurate in all respects.
- 10 I/We confirm and undertake that if any of such information becomes untrue or misleading then I/we shall notify you immediately and update such information as required.

Signed	Signed
Print Name	Print Name
Position	Position
For and on behalf	For and on behalf
.....
Date	Date
Signature of witness	Signature of witness
.....
Name	Name
Address	Address
Occupation	Occupation

APPENDIX 3

Certificate of Non-Collusive Tendering

Re: Tender for Fund Management Services for Regional Venture Capital and Loan Funds - Lot 2 - Early Stage Funds

One North East
Stella House
Goldcrest Way
Newburn Riverside
Newburn
Newcastle upon Tyne
NE15 8NY

For the Attention of: Legal Services - Procurement Section

The essence of selective tendering for the Contract is that One North East shall receive bona fide competitive Tenders from all persons tendering.

In recognition of this principle, I/we certify that this is a bona fide offer, intended to be competitive and that I/we have not fixed or adjusted the amount of the offer in accordance with any agreement or arrangement with any other person (except any sub-contractor identified in this offer).

I/we also certify that I/we have not done, and undertake that I/we will not do, at any time any of the following acts:

- i Communicate to any person other than the person calling for those tenders the amount or approximate amount of the proposed tender, except where the disclosure, in confidence, of the approximate amount of the tender was necessary to obtain insurance premium quotations required for the preparation of the tender; or
- ii enter into any agreement or agreements with any other person that they shall refrain from tendering or as to the amount of any offer/tender submitted by them; or
- iii offer or agree to pay or give or actually pay or give any sum of money, inducement or valuable consideration, directly or indirectly, to any person for doing or having done or having caused to be done in relation to any other offer or proposed offer, any act or omission or thing of the sort described above

I/we agree that One North East may, in its consideration of the offer, and in any subsequent actions, rely upon the statements made in this Certificate.

Signed Signed

Print Name	Print Name
Position	Position
For and on behalf	For and on behalf
.....
Date	Date
Signature of witness	Signature of witness
.....
Name	Name
Address	Address
Occupation	Occupation

In this certificate, the word "person" includes any person and any body or association, corporate or unincorporated; and "any agreement or arrangement" includes any such transaction, formal or informal, and whether legally binding or not.

APPENDIX 4

Certificate against Canvassing

Re: Fund Management Services for Regional Venture Capital and Loan Funds - Lot 2 - Early Stage Funds

One North East
Stella House
Goldcrest Way
Newburn Riverside
Newburn
Newcastle upon Tyne
NE15 8NY

For the Attention of: Legal Services - Procurement Section

I/we hereby certify that I/we have not canvassed any member, Director, employee or adviser of One North East or any central Government department, in connection with the proposed award of the Contract by One North East, and that no person employed by me/us or acting on my/our behalf, or advising me/us, has done any such act.

I/we further hereby undertake that I/we will not canvass any member, Director, employee or adviser of One North East or any central Government department in connection with the award of the Contract and that no person employed by me/us or acting on my/our behalf, or advising me/us, will do any such act.

I/we agree that One North East may, in consideration of this bid, and in any subsequent actions, rely upon the statements made in this Certificate.

Signed

Signed

Print Name

Print Name

Position

Position

For and on behalf

For and on behalf

.....

.....

Date

Date

Signature of witness

Signature of witness

.....

.....

OJEU0910 -002 – Lot 2

Name

Name

Address

Address

Occupation

Occupation

APPENDIX 5

Guidance on using online tendering system

Instructions on using the On-line eTendering Portal

Tenderers should read the following instructions on the use of the on-line eTendering System when completing and submitting their ITT via www.onenortheast.bravosolution.co.uk;

- 1 It is strongly recommended that you use MS Explorer (version 6 or above) when completing your Tender Response.
 - a. Mac users should use a Firefox browser (available free of charge at www.mozilla.com/firefox) as the Safari browser does not support certain Java scripts, if you still experience problems with Firefox please call the BravoSolution Helpdesk.
 - b. Tenderers who experience problems with Firefox should email the BravoSolution Helpdesk at help@bravosolution.co.uk
 - c. Please ensure that 'pop ups' are NOT blocked on your browser. Should you be inactive for c 15 minutes, the portal will notify you through a 'pop up'. It is vital that that you are able to see this in order to click the 'Refresh' link in this 'pop up' so you are not disconnected from the portal and lose any unsaved information.
 - d. Do avoid using the 'Back' or 'Forward' buttons on your browser as you could potentially lose your work. Please use the links on the eTendering portal to navigate through the tenders.
- 1.2 As you progress through the questionnaire, click the 'Save' button regularly in order to make sure that your work is saved - failure to do so means you risk losing your work if you experience connection issues or security 'time-outs'.
- 1.3 Use the secure messaging to communicate with the Agency and seek clarifications – this will give you an audit trail of all discussions/clarifications and avoid any duplicate requests.
- 1.4 Use the 'Legend' to understand icons, note text responses are deliberately capped at 2000 characters (± 350 words). If the Agency requires a larger response they will add an additional text box. Also note that Numeric fields will not accept text, spaces, symbols etc. Note the red asterisk indicates a mandatory field - this must be completed in order to submit your response to the buyer.
- 1.5 For security reasons your access to the portal will 'time out' if inactive for c15 minutes if you do not click "save" within this time - this is part of strict government requirements to maintain security and tender integrity and cannot be changed.

- 1.6 Do not leave your response until the last minutes/hours before the deadline (if you experience connection problems you will miss the deadline and your response may be deemed non-compliant and rejected by the buying team - always upload generic information early to avoid last minute time pressure).
- 1.7 If you have any technical queries refer to online help in the first instance, if you still have an issue email (help@bravosolution.co.uk) or phone (0800 011 2470) with a tender reference, a clear description of the problem and your contact details (ensure that you leave plenty of time for issues to be resolved prior to any deadlines),
- 1.8 To make your response visible to the Agency you **MUST** click 'Publish'. The 'Publish' link can be found on the left hand side of the screen under the heading Actions.
- 1.9 If the Agency makes any changes to the settings and parameters area of a live tender, Tenderers **MUST** re-publish their response – this is to ensure that changes are brought to your attention – you will receive a message prompt from the Agency – generally this will not mean re-entering information.
- 1.10 Whilst the portal allows for large individual attachment sizes (maximum 50mb per file) we recommend that you keep attachments below 5mb to ensure ease & speed of access. Only attach the documents that the Agency has requested.
- 1.11 Tenderer sub-users can be set up on the portal to allow colleagues to be involved with various stages of the tender – please contact Bravo via 0800 011 2470 if you believe that your company may have already registered.
- 1.12 If you are delegating your response please ensure that your colleagues are aware of this information.
- 1.13 Please treat your eTendering portal logins securely - if you believe that you have lost your password - please log onto the website and click onto "Forgotten your password?" and follow the online instructions



Pre-Qualification Questionnaire Instructions and Contract Needs

Tender: Fund Management Services for Regional Venture Capital and Loan Funds - Lot 2 Early Stage Funds

Tender Reference: OJEU09/10-002

Date: 3 April 2009

Stella House
Goldcrest Way
Newburn Riverside
Newcastle Upon Tyne
NE15 8NY

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2.0	Instructions on Completing the PQQ	6
3.0	Project Background and Contract Needs	11
4.0	Evaluation and Shortlisting	15

IMPORTANT NOTICE

The Contracting Authority for the purpose of this procurement exercise is One North East the Regional Development Agency for the North East of England, comprising Northumberland, Tyne and Wear, Durham and Tees Valley, created under the Regional Development Agencies Act 1998.

One North East's registered office is Stella House, Goldcrest Way, Newburn Riverside, Newcastle Upon Tyne, NE15 8NY.

Economic Operators should be aware that although the Contracting Authority for the purposes of this procurement is One North East, One North East may allow one or more of the other Regional Development Agencies and/or public bodies and/or subsidiary companies, and/or recipients of Public monies may choose to access the concluded Contract/Framework, without creating any obligation of any of them to do so. In that event, the contractual relationship would be between the approved individual accessing the contract and the contractor.

In addition the Contracting Authority may novate this contract/framework to one of its wholly owned subsidiaries and/or any company, organisation or other Special Purpose Vehicles which the Agency has an ownership interest in or otherwise participates in with the consent of the Secretary of State's consent pursuant to Section 5 of the Regional Development Agencies Act 1998("Section 5 Entity").

The Contracting Authorities as defined in 2.2 herein may be permitted to access the Framework agreements.

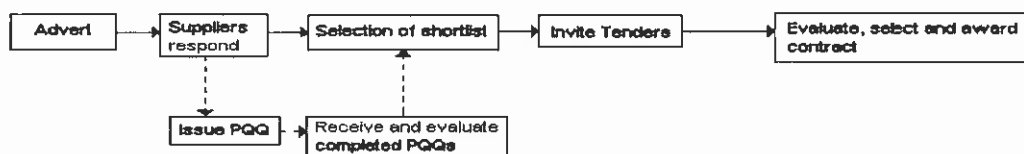
1.0 INTRODUCTION AND PURPOSE OF THE PQQ

This Pre-Qualification Questionnaire ("PQQ") has been issued by the Authority in connection with a competitive procurement conducted in accordance with the Restricted Procedure under the Public Contract Regulations 2006¹.

The purpose of this PQQ is to obtain sufficient information to enable One North East (the 'Agency') to evaluate the suitability of potential suppliers to meet its requirements, as outlined within this Document. During the PQQ stage, the intention will be to arrive at a shortlist of suppliers for formal Invitation to Tender ('ITT') against the Agency's specific requirements.

This PQQ sets out the information which is required by the Authority in order to assess the suitability of potential providers in terms of their technical knowledge and experience, capability/capacity, organisational and financial standing to meet the requirement.

The flow chart below illustrates how Pre-Qualification fits within a simple competitive procurement process.



The Agency has adapted the OGC (Office of Government Commerce) PQQ and adopted good standards with the aim of simplifying the Pre-Qualification process for suppliers and buyers alike in order to ensure a standardised approach is made to the Pre-Qualifying stage within its procurement processes.

When a buyer wants to assess suppliers' suitability to tender for a particular contract they will need to consider a wide range of information about the interested firms. This PQQ tries to gather all of the necessary information whilst minimising the time commitment of those responding to it.

The specific areas in which the PQQ seeks information are described below.

Section 1 - Organisation Identity and Basic Details

The Agency will need some basic contact details for each supplier and some background information about who they are.

Section 2 – Mandatory Exclusion

Under the Public Contract Regulations 2006 (SI 2006 No.5) the Agency must exclude suppliers, contractors and service providers from public contracts where they have been convicted of certain offences as described in this section of the PQQ.

Section 3 - Financial Information

The Agency needs to know about a possible supplier's financial situation to ensure that the organisation has the financial resources and stability to carry out the required work, and that they are likely to be around to complete the contract satisfactorily. The PQQ therefore asks

¹ <http://www.opsi.gov.uk/si/si2006/20060005.htm>

for some basic company financial information to allow a buyer to assess the risk of contracting with a supplier.

Section 4 - Insurance

With the best will in the world there are sometimes problems with contracts for one reason or another. A buyer needs to know that possible suppliers have the necessary insurance policies to adequately cover any such problems.

Section 5 - Quality Assurance

Quality management is all about making sure that work is done in a planned, controlled way to ensure that the results are satisfactory. There are various schemes and standards that define how a firm can make sure it meets its customers' needs.

The Agency wants to know if possible suppliers have thought about how they can make sure their work is up to the mark in terms of quality. This may mean the firm indicating it has been formally checked against a recognised standard (benchmarked) or it may involve the firm giving a description of how it makes sure its work is done repeatedly to high standard.

Section 6 - Health and Safety

The Agency will want to be sure that a supplier takes care to ensure the health and safety of its workers and others when carrying out its work. This will be especially important for construction work, for example. There are also legal requirements in this area that the buyer will need to know that the supplier meets. The PQQ therefore asks suppliers to provide some information about their policies on health and safety.

Section 7 - Equality & Diversity

Public bodies have a special responsibility to make sure that all members of the community are treated fairly and equally in the field of their work. They will therefore want to know that a possible supplier accepts its legal duties in this area and takes them seriously.

Section 8 - Environmental Management

Some business operations can have a big impact on the environment, but all firms can help to ensure that they minimise any harmful effects of their work on the environment, for example by recycling where appropriate and properly disposing of hazardous materials.

A firm's policies in this area will be more important for some types of contract than others, but the PQQ provides for buyers to gather information from suppliers in this area.

Section 9 - Disputes and Contract Performance

The Agency will use this section to understand previous contract performance.

Section 10 – Technical Ability and References

The Agency will want to know what a potential supplier's main lines of business are when deciding if that supplier should be invited to tender. The buyer will also want to be sure the firm is likely to have sufficient resource to perform the contract properly or if the supplier would intend to sub-contract. Section 10 of the PQQ asks for information to help the buyer carry out this assessment. When a supplier wants to be invited to tender for a contract the buyer will want to know if it has done similar projects/contracts of a similar size to a good standard in the past. The PQQ therefore asks for details of up to three previous jobs done by the firm that demonstrate previous the delivery of the Agency's requirements. The more similar these are to the buyer's current requirement, as set out in the Contract Notice, the better. The buyer will also want to know about any problems the supplier has had on previous contracts. It may be there are reasonable explanations in justification so it is best to be honest and open in answering these questions rather than have details scrutinised later.

Section 11 – Declaration

This is simply the confirmation to the buyer by the supplier that the information provided is valid and correct and is the final section of the PQQ with the exception of any explanatory notes and supplementary modules.

In this section the supplier is certifying that the information supplied is accurate to the best of their knowledge and that they understand and accept that false information could result in rejection of the application to tender.

They are also certifying that they understand that it is a criminal offence, punishable by imprisonment, to give or offer any gift or consideration whatsoever as an inducement or reward to any servant of a Public Body and that any such action will empower the Agency to cancel any contract currently in force and will result in rejection of our application.

NB This Declaration is to be completed by a partner or authorised representative in their own name on behalf of the Tendering Organisation.

2.0 INSTRUCTIONS ON COMPLETING THE PQQ

One North East is seeking to appoint a Framework of fund managers to provide investment and portfolio management services to regional venture capital and loan funds. The Framework consists of 3 Lots.

Lot 1: Technology Funds

Lot 2: Early Stage Funds

Lot 3: Later Stage Funds

The purpose of this PQQ is to assist One North East in deciding which suppliers to short-list to invite to tender for '**Fund Management Services for Regional Venture Capital and Loan Funds - Lot 2 Early Stage Funds**'.

2.1 Time table

Set out below is the proposed procurement timetable. This is intended as a guide and, whilst the Contracting Authority does not intend to depart from the timetable, it reserves the right to do so at any time.

Date	Activity
3 rd April 2009	OJEU notice published with PQQ made available to Potential Providers.
21 st April 2009	Potential Provider Web Conference (see section 3.2.1 herein)
8 th May 2009 (noon)	PQQ Return Date
22 nd May 2009	Evaluation of PQQs completed
27 th May 2009	Invitation to tender issued to qualified Potential Providers
2 nd July 2009	Tender Return Date
31 st July 2009	Evaluation of tenders completed.
3 rd August 2009	Alcatel 10 day standstill period
14 August 2009	Contract Award.

2.2 Definitions

"Contracting Authority" means the purchasing organisation that is seeking to award a contract.

"The Agency" means One North East whose registered address is Stella House, Goldcrest Way, Newburn Riverside, Newcastle Upon Tyne, NE15 8NY.

A "Framework" is defined as an agreement between one or more Contracting Authorities and one or more economic operators the purpose of which is to establish the terms governing contracts to be awarded during a given period, in particular with regard to price and, where appropriate the quantity envisaged.

2.3 Framework and other Contracting Authorities

Where the Agency is creating Framework Agreements the Agency may allow other Contracting Authorities to access its Framework Agreements (at any time during the term of the Framework).

The following Contracting Authorities may be permitted to access the Framework subject to them accepting the conditions detailed below:

Contract Authorities

- i wholly owned subsidiaries and/or any company, organisation or other Special Purpose Vehicles which the Agency has an ownership interest in or otherwise participates in with the consent of the Secretary of State's consent pursuant to Section 5 of the Regional Development Agencies Act 1998("Section 5 Entity");
- ii any such Section 5 Entity that may be created during the life of the Framework Arrangement;
- iii any unincorporated body, group, committee, other similar organisation in which the Agency participates and/or for which the Agency is accountable;
- iv any other English Regional Development Agency and/or public bodies;
- v The Agency's Sub Regional Partnerships of County Durham, Tyne and Wear, Northumberland and Tees Valley, which the Relevant Local Authority is accountable body and Contracting Authority;
- vi Business Link North East;
- vii Government Office North East;
- viii any party named in the Contract Notice published for this contract.

2.4 Completion of PQQ

You must complete the Pre-Qualification Questionnaire on-line through the toolkit www.oneNorthEast.bravosolution.co.uk (see section 2.5 for further instructions of using the system) if you are to be considered for selection by the Agency to be invited to tender.

The on-line Questionnaire is located in the 'Technical Envelope' section of the toolkit. Instructions for completion of this document are as follows:

The PQQ is being provided on the same basis to all potential suppliers and it must be completed in its online form corresponding with the sections and numbering in the questionnaire.

Responses must be in the English language or full English translation provided at no cost.

You may also be asked to clarify your answers or provide more details.

Please answer every question. If the question does not apply to you please write N/A; if you don't know the answer please write N/K.

2.4.1 Responding to the Lot requirements

You are permitted to bid for one or several of the 3 Lots.

In responding to this PQQ you are bidding for 'Lot 2 Early Stage Funds'.

You must complete the online questionnaire for each Lot against which you are bidding. All of the questionnaires can be accessed via 'PQQs Open to all Suppliers'.

NB if you are bidding for all 3 Lots you are required to complete all 3 questionnaires taking into account the contract needs of the lot you are applying for and ensuring you provide technical information and 3 contract examples that are relevant to the respective Lot.

2.4.2 Joint/Consortia Bids

Where applications are submitted on behalf of a consortia bid, joint ventures, other joint arrangements or where a substantial amount of the contract will be sub-contracted a questionnaire must be completed for each member of the stated arrangements.

Where you are intending to sub-contract a substantial element of the services² the named sub-contractor must also complete a PQQ. You will be asked to clarify the proportion of the work that the prime contractor proposes to sub-contract.

Where a consortium or sub-contracting approach is proposed, you will be required to provide all information in respect of the relationships and roles between the parties and identify the proportion of the work to be delivered by the parties named.

The Agency will evaluate the bidders with the aim of ensuring the overall services required as set out herein can be delivered by the parties named.

Whilst you as a Supplier can create sub-users within your account on the eTendering portal to allow colleagues to be involved with various stages of the tender other partner organisations cannot access the same account and must create their own account to complete the PQQ.

To ensure the relationship is clear to the Agency the partners/consortia members must state in their respective submissions and documentation who the lead partner is and/or set out the relationship of who the bid is being made on behalf of.

2.4.3 Uploading Documents

In order to simplify the process you must provide and upload supporting documents where requested. These may, for example, include insurance certificates, statements or policies, 'Financial Information' and 'Technical Ability and References'. The file reference for your documents should contain the section reference and question number they are referring to.

For example – uploading set of financial accounts. File reference of documents should be 'Section 3.1.1 Audited Accounts'

There is no limit to the number of attachments you can upload. It is preferable that attachments uploaded are around 5mb however the system does support uploads up to 50mb.

Please ensure that if you are uploading numerous documents you must give yourself enough time before the closing date to do so.

In addition uploading large file will take longer.

Please note that the Agency may require evidence of documents at a later stage in the process. Where the information provided is incorrect or cannot be provided the Candidate becomes ineligible and the Agency reserves the right to disqualify the Candidate from the selection and shortlisting process in these.

² A substantial element is defined as greater than 30% or more of the value of the services or a core/key/high risk area of the services?

2.4.4 Freedom of Information

In accordance with the obligations and duties placed upon public authorities by the Freedom of Information Act 2000 (the 'FoIA'), all information submitted to the Authority may be disclosed in response to a request made pursuant to the FoIA.

In respect of any information submitted by a Potential Provider that it considers to be commercially sensitive the Potential Provider should:

- 1 clearly identify such information as commercially sensitive;
- 2 explain the potential implications of disclosure of such information; and
- 3 provide an estimate of the period of time during which the Potential Provider believes that such information will remain commercially sensitive.

If necessary please append to your technical response document(s) a response to 1, 2 or 3.

Where a Potential Provider identifies information as commercially sensitive, the Authority will endeavour to maintain confidentiality. Potential Providers should note, however, that, even where information is identified as commercially sensitive, the Authority might be required to disclose such information in accordance with the FoIA. Accordingly, the Authority cannot guarantee that any information marked 'commercially sensitive' will not be disclosed.

2.4.5 Queries and Clarification

All requests for clarification or further information in respect of this PQQ should be submitted via the 'messaging tool' through the eTendering toolkit www.oneNorthEast.bravosolution.co.uk.

Direct or indirect canvassing of any other person within, or associated with, One North East, any public sector employee or agent by any potential bidder concerning this requirement, or any attempt to procure information from any other person within, or associated with, One North East, any public sector employee or agent concerning this PQQ may result in the disqualification of the Potential Provider from consideration for this requirement.

2.4.6 PQQ Return Date

The completed on-line PQQ and associated documents requested must be submitted via the toolkit by no later than **12:00 noon on the 8th May 2009**. Attachments must contain the reference 'OJEU09/10-002'.

2.5 Instructions on using the On-line eTendering Portal

Tenderers should read the following instructions on the use of the on-line eTendering System when completing and submitting their PQQ via www.oneNorthEast.bravosolution.co.uk;

- 2.5.1 It is strongly recommended that you use MS Explorer (version 6 or above) when completing your Tender Response.
 - a. Mac users should use a Firefox browser (available free of charge at www.mozilla.com/firefox) as the Safari browser does not support certain Java scripts, if you still experience problems with Firefox please call the BravoSolution Helpdesk.

- b. Tenderers who experience problems with Firefox should email the BravoSolution Helpdesk at help@bravosolution.co.uk
 - c. Please ensure that 'pop ups' are NOT blocked on your browser. Should you be inactive for c 15 minutes, the portal will notify you through a 'pop up'. It is vital that that you are able to see this in order to click the 'Refresh' link in this 'pop up' so you are not disconnected from the portal and lose any unsaved information.
 - d. Do avoid using the 'Back' or 'Forward' buttons on your browser as you could potentially lose your work. Please use the links on the eTendering portal to navigate through the tenders.
- 2.5.2 As you progress through the questionnaire, click the 'Save' button regularly in order to make sure that your work is saved - failure to do so means you risk losing your work if you experience connection issues or security 'time-outs'.
- 2.5.3 Use the secure messaging to communicate with the Buyer and seek clarifications – this will give you an audit trail of all discussions/clarifications and avoid any duplicate requests.
- 2.5.4 Use the 'Legend' to understand icons, note text responses are deliberately capped at 2000 characters (± 350 words). If the Buyer requires a larger response they will add an additional text box. Also note that Numeric fields will not accept text, spaces, symbols etc. Note the red asterisk indicates a mandatory field - this must be completed in order to submit your response to the buyer.
- 2.5.5 For security reasons your access to the portal will 'time out' if inactive for c15 minutes if you do not click "save" within this time - this is part of strict government requirements to maintain security and tender integrity and cannot be changed.
- 2.5.6 Do not leave your response until the last minutes/hours before the deadline (if you experience connection problems you will miss the deadline and your response may be deemed non-compliant and rejected by the buying team - always upload generic information early to avoid last minute time pressure).
- 2.5.7 If you have any technical queries refer to online help in the first instance, if you still have an issue email (help@bravocolution.co.uk) or phone (0800 011 2470) with a tender reference, a clear description of the problem and your contact details (ensure that you leave plenty of time for issues to be resolved prior to any deadlines),
- 2.5.8 To make your response visible to the buyer you **MUST** click 'Publish'. The 'Publish' link can be found on the left hand side of the screen under the heading Actions.
- 2.5.9 If the Agency makes any changes to the settings and parameters area of a live tender, suppliers MUST re-publish their response – this is to ensure that changes are brought to your attention – you will receive a message prompt from the Agency – generally this will not mean re-entering information.
- 2.5.10 Whilst the portal allows for large individual attachment sizes (maximum 50mb per file) we recommend that you keep attachments below 5mb to ensure ease & speed of access. Only attach the documents that the Buyer has requested.

- 2.5.11 Supplier sub-users can be set up on the portal to allow colleagues to be involved with various stages of the tender – please contact Bravo via 0800 011 2470 if you believe that your company may have already registered.
- 2.5.12 If you are delegating your response please ensure that your colleagues are aware of this information.
- 2.5.13 Please treat your eTendering portal logins securely - if you believe that you have lost your password - please log onto the website and click onto "Forgotten your password?" and follow the online instructions

3.0 PROJECT BACKGROUND

3.1 One North East

One North East (the Agency) is the Regional Development Agency (RDA) for the North East of England, comprising Northumberland, Tyne and Wear, Durham and Tees Valley. The RDA was established in April 1999 by Government to further economic development and regeneration and has created a 10 year Regional Economic Strategy (RES), together with regional partners, which has led to a diverse range of programmes and initiatives throughout all parts of the region.

3.2 Project Information

One North East is seeking to appoint a panel of fund managers to provide investment and portfolio management services to regional venture capital and loan funds.

The framework is principally intended to provide fund management and portfolio management services for the investment funds which will be established by the North East of England JEREMIE holding fund company. It may also be used to provide investment or portfolio management services for other projects, including those relating to the legacy funds and portfolios generated by venture capital and loan funds currently or previously operating in the North East of England.

JEREMIE is the Joint European Resources for Micro to Medium Enterprises initiative of the European Commission and the European Investment Fund, which is designed to increase the availability of finance to micro, small and medium enterprises in the European Union. The North East of England region intends to establish a holding fund under the JEREMIE initiative and for it to raise initially £125m of investment capital, for investment and realisation over an approximately ten year period beginning towards the end of 2009. The investors in the JEREMIE fund are expected to be the European Investment Bank, the European Regional Development Fund and One North East.

It is envisaged that the JEREMIE holding fund will include to:

- Contribute to the delivery of Regional Economic Strategy and ERDF Operational Programme objectives;
- Facilitate access to a comprehensive 'continuum of finance' for SMEs in the region including integrating fully with offerings with other regional and national products such as Enterprise Capital funds and Small Firms Loan Guarantee Scheme in order to maximize investment from these programmes into the region;
- Target a residual Legacy return to the region that is equal to or more than all of the initial public sector contributions, generating a self-sustaining Legacy fund;
- Maximise the returns and minimise the operational and delivery costs; and
- Maximise private sector leverage.

Because the JEREMIE holding fund is not yet established, the exact composition and focus of individual investment funds has not been finalised. For this reason, and because the framework will potentially be used for other projects, One North East wishes to appoint fund managers to a framework to deliver fund and portfolio management services across three broad areas of investment: (1) technology; (2)

early stage and (3) later stage.

These broad areas are individual Lots for the purposes of this procurement exercise and fund managers are invited to submit pre-qualification questionnaires in respect of any one or more Lot. Panels of fund managers will be appointed to the framework in respect of each Lot and individual fund management contracts will be awarded following further competition within or across the Lots. Provisional estimates of the amount of investment capital which will be allocated to each Lot are: Lot (1): £20m to £50m; Lot (2): £5m to £30m and Lot (3): £30m to £65m.

3.2.1 Additional Information

The Contracting Authority will post a pre recorded presentation covering the procurement process and the technical requirements as set out herein. The purpose of this presentation is to ensure that the information contained within the Contract Notice and Information Memorandum is communicated effectively to allow you to make an informed decision on your bid. This presentation will be available to all bidders no later than Friday 1 May 2009.

3.3 Contract Needs

The Agency wants to establish a panel of fund managers to deliver fund management services for regional venture capital and loan funds which will consist of 3 Lots:

Lot 1: Technology Funds

Lot 2: Early Stage Funds

Lot 3: Later Stage Funds

Funds for which management services are required will have distinct characteristics and operate in different markets/communities – for example, a technology proof of concept fund is likely to engage a great deal with universities and the region's technology Centres of Excellence whereas a later stage development fund may engage more with professional intermediaries such as accountants, corporate finance advisers and solicitors. The Agency has therefore divided the panel into the three separate Lots with a view to appointing fund managers with a range of skills.

Submissions can be made for any one or more separate Lots.

The services to be provided for all Lots include:

1. Operating one or more funds in accordance with the terms of the fund management agreement entered into with the JEREMIE holding fund management company or other contracting authority;
2. Identifying SMEs which are eligible for investment in accordance with the rules of the fund, conducting appropriate commercial and technical due diligence and structuring deals;
3. Generating deal flow and working with investee companies in the North East of England before and after concluding investments;
4. Concluding equity, quasi-equity and debt investments (as appropriate to the fund's investment type), ranging in value from £10,000 to £1.5m (in accordance with the investment policy of the individual investment fund, as determined by the holding fund manager and set out in the fund management agreement), in eligible SMEs located in the North East of England;

5. Maximising, where appropriate, the additional investment made by private sector co-investors into investee companies;
6. Managing the investment portfolio to add value to investee companies and achieve profitable exits for the fund;
7. Managing the investment fund so as to maximise the returns to the investors/legacy fund while minimising the operational costs and the costs to investee companies;
8. Monitoring the investment portfolio and providing regular reports on investment activity, fund performance and related outputs to the JEREMIE holding fund management company (or other contracting authority); and
9. Marketing the investment fund to the appropriate market sectors and professional services intermediaries.

The specific services required in respect of each Lot are set out below.

Lot 1 – Technology Funds

The services required of fund managers in respect to this Lot are as detailed above but will be directed specifically at SMEs which are developing and exploiting technological innovations.

Funds for which management contracts will be awarded under this Lot may address all demand stages (from proof of concept to pre-start-up to expansion) but will focus on propositions which are based on the exploitation of innovative technologies and/or which operate in technology business sectors. The technologies covered by these funds will be wide-ranging and are likely to include life sciences, biotechnology, health sciences, process technologies, energy technologies, IT and communications technologies and computer software.

The services required of fund managers for contracts awarded from this Lot are therefore also likely to include:

- 1 Conducting technical and commercial due diligence on and making investments in companies which are exploiting a diverse range of technologies;
- 2 Developing, maintaining and exploiting networks in relevant academic and investment communities;
- 3 Maintaining networks in financial markets and with entrepreneurs, investors, professional intermediaries and sector development bodies within the technology sector;
- 4 Supporting the knowledge transfer, spin-out and commercialisation activities of the region's tertiary education institutes and Centres of Excellence.

Lot 2 – Early Stage Funds

The services required of fund managers in respect of this Lot are predominantly those specified above as relevant to all Lots.

Funds for which management contracts will be awarded under this Lot will address the earlier business start up and development demand stages (proof of concept, establishment, product and market development) and will invest in less mature

businesses which may not yet be revenue generating. They may be structured to invest in all eligible business sectors.³

The services required of fund managers for contracts awarded from this Lot may also include:

- 1 Conducting technical and commercial due diligence on and making investments in companies operating across multiple sectors and with diverse business models;
- 2 Developing, maintaining and exploiting networks in relevant academic and investment communities, in particular the business angel investor community; and
- 3 Maintaining networks in financial markets and with entrepreneurs, investors, professional intermediaries.

Lot 3 – Later Stage Funds

The services required of fund managers in respect of this Lot are predominantly those specified above as relevant to all Lots.

Funds for which management contracts will be awarded under this Lot will address later business development demand stages (growth and expansion) and will invest in more mature businesses which are likely to be generating revenue and profits. They may be structured to invest in all eligible business sectors.

The services required of fund managers for contracts awarded from this Lot may also include:

- 1 Conducting technical and commercial due diligence on and making investments in companies operating across multiple sectors and with diverse business models;
- 2 Maintaining and exploiting networks in relevant investment communities, in particular the early-stage venture capital investment/fund manager community;
- 3 Maintaining networks in financial markets and with entrepreneurs, investors, and professional intermediaries.

³ Ineligible sectors will be determined in due course by the JEREMIE holding fund and its investors but are likely to include those business activities which are designated in paragraph 4, schedule 28B of the Income and Corporation Taxes Act 1988 as not being a "qualifying trade" and also certain EU stricted sectors.

4 Evaluation and Shortlisting

In assessing the answers to the questions as set out in the online questionnaire, the Contracting Authority will be seeking evidence of the Potential Provider's suitability to perform the services in terms of economic and financial standing, technical and professional ability. Qualification criteria will be a combination of both financial and non-financial factors and will be in accordance with Regulations 23 to 26 of the Public Contract Regulations 2006.

4.1 The evaluation at this PQQ stage will be made against the criteria and minimum standards as set out in 4.2.1 and 4.2.2 below.

4.2 Bidders will be invited to tender where they have satisfied the Agency's minimum standards – being a score of 70% or more on the technical questionnaire and achieving a pass mark in the other areas of the PQQ. Where there is a sufficient number of economic operators suitable to be selected to be invited to tender, no less than 5 companies will be invited to Tender per Lot.

4.2.1 Economic and Financial Standing. The sections of the questionnaire will be evaluated as follows:

4.2.1.1 The Financial Standing of the bidding organisation will be assessed as a measure of risk in the context of ability to fulfill fund management contracts. The Contracting Authority will procure independent financial and market advice to validate information declared and to carry out the evaluation.

4.2.1.2 Insurance will be evaluated on a pass/fail basis. Levels of cover in relation to Professional Indemnity will be agreed at the ITT stage as part of the contract conditions, subject to a minimum sum insured of £2m.

4.2.1.3 Quality Assurance will be evaluated on a pass/fail basis.

4.2.1.4 Health & Safety will be evaluated on a pass/fail basis.

4.2.1.5 Equality and Diversity will be evaluated on a pass/fail basis.

4.2.1.6 Environmental Management will be evaluated on a pass/fail basis.

4.2.1.7 Disputes and Contract Performance will be evaluated on a pass/fail basis.

4.2.1.8 Mandatory Exclusion will be evaluated on a pass/fail basis.

4.2.2 Technical ability based upon skills, efficiency, experience and reliability against the Contract Needs as set out in section 3 herein.

4.2.2.1 basic technical ability & References and Business Activities will be evaluated against the questions as set out in the online technical questionnaire. The evaluation will reference the Contract Needs and Requirements as set out within this document based upon skills, efficiency, experience and reliability from the information provided in your three uploaded examples (see technical questionnaire section 10.6).

Technical Questionnaire Ref.	Technical Question	Allocated Max Score	Methodology
10.1	What are the main business activities of your organisation?	5	The Agency will make an assessment of the business activities of the organisation in line with the contract needs as stated in the PQQ and Contract Needs document section 3.3
10.2	How many staff does your organisation have?	Not Scored	
Sub-Contracting			
10.3		Not Scored	
Competence			
10.4.1	Please upload a statement of the staff or technical resource services available to You (the economic operator) to carry out the contract including those responsible for quality control/assurance.	10	Lower quartile (0- 2.5) Inadequate identification of resources required for Contract Notice 2nd quartile : (2.6 -5.0) Adequate identification of resources required to meet Contract Notice. 3rd quartile:(5.1- 7.5) Detailed identification of resources required to meet Contract Notice. Upper quartile: (7.6- 10) Evidence of external accreditation of quality control / assurance.
Management capability and competence of the Project Team			
10.5.1	Please upload the managerial structure you would work to when providing services of the type required by One North East. Please include a diagram setting	5	Lower quartile (0- 1.25) Organisational structure does not meet needs of Contract Notice. 2nd quartile : (1.26-2.5) Organisational Structure meets needs of Contract Notice.

	out the relationship between partners/consortia and sub-contractors where relevant.		<p>3rd quartile: (2.6-3.75)</p> <p>Organisational structure clearly identifies responsibility for liaison between the organisation and One North East.</p> <p>Upper quartile: (3.76-5)</p> <p>Identification of any sectoral expertise relevant to the specified lot, including potential sub-contracted resource where appropriate.</p> <p>Lower quartile: (0-10)</p> <p>Statement of qualifications not relevant to Contract Notice.</p> <p>2nd quartile: (11-20)</p> <p>Statement of qualifications partly relevant to contract notice.</p> <p>3rd quartile: (21-30)</p> <p>Statement of qualifications relevant to contract notice.</p> <p>Upper quartile: (31-40)</p> <p>Statement of qualifications and membership of professional bodies exceed requirements of Contract Notice.</p>
10.5.2	Please upload details of all educational and professional qualifications of your managerial staff, and other employees who would be responsible for carrying out work under the contract. Please indicate which areas each member of staff is involved in.	40	
Contract Information			
10.6.1	Please upload details of three recent contracts that are similar in size and relevant to the Authority's Contract Needs - as specified in the Instructions for Pre Qualification Questionnaire and Contracts Needs document section 3.3. If you cannot provide details for three contracts, please explain why.	40	<p>Lower quartile: (0-10)</p> <p>Details provided do not meet specified Contract Needs</p> <p>2nd quartile: (11-20)</p> <p>Details provided meet Contract Needs</p> <p>3rd quartile: (21-30)</p> <p>Details provided meet Contract Needs and demonstrate how the methodology applied is relevant to the requirements of RDAs.</p>

	Each contract/project description should be related to demonstrating experience of the contract needs and be no more than 500 words per project, supplementing each case with a description of: (1) the contract, detailing the roles and respective responsibilities of your organisation; (2) when and where the services were carried out, Contract value and the Buyer; (3) Confirmation that the above services were carried out in accordance with your trade or profession and were properly completed.		Upper quartile: (31-40) Details provided meet the above criteria and additionally demonstrate innovative approaches to the requirements of RDAs.
Registration with Financial Services Authority			
10.7		Not Scored	
Total		100	

Document Ends