



### Attachment 3 – Financial Viability Risk Assessment Instructions

In this attachment and Attachment 3 RM6322 Financial Viability Risk Assessment Tool, the following words shall have the following meanings

“EFS”	means economic and financial standing
“FVRA”	means Financial Viability Risk Assessment Tool
“Subcontractor”	means Key Subcontractor identified within the SQ and Attachment 4 - Additional Subcontractor details. Definition of Key Subcontractor can be found in Joint Schedule 1
“The Guidance Note”	<p>means the Assessing and Monitoring the Economic and Financial Standing of Bidders and Suppliers document</p> <p><a href="https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/987132/Assessing_and_monitoring_the_economic_and_financial_standing_of_suppliers_guidance_note_May_2021.pdf">https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/987132/Assessing_and_monitoring_the_economic_and_financial_standing_of_suppliers_guidance_note_May_2021.pdf</a></p>
“The Sourcing Playbook”	<p>the document that outlines a series of key policies for making outsourcing decisions and contracting outside suppliers for the delivery of public services.</p> <p><a href="https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/987353/The_Sourcing_Playbook.pdf">https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/987353/The_Sourcing_Playbook.pdf</a></p>

## Introduction

CCS has adapted the Cabinet Office's Financial Viability Risk Assessment (FVRA) Tool (version 4.3.1) as the basis to conduct a financial assessment on all Bids. The RM6322 Fund Administration & Disbursement Services DPS FVRA Tool is provided at Attachment 3a – Financial Viability Risk Assessment Tool and is to be completed and submitted by Bidders.

Bidders and each consortium member must complete and submit Attachment 3a Financial Viability Risk Assessment Tool.

Bidders, and consortium members, who pass the assessment to the satisfaction of CCS will achieve a “pass”. If a Bidder or any member of a consortium does not pass the Assessment, to the satisfaction of CCS, they will “fail” and the bid will be deemed non-compliant and will be excluded from the competition. If we exclude a bid from the competition we will tell the Bidder and explain why.

It is advised that before completing the FVRA, Bidders review the May 2021 Guidance Note ‘Assessing and Monitoring the Economic and Financial Standing of Bidders and Suppliers’ (hereafter referred to as ‘The Guidance Note’) which can be found at:

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/987132/Assessing\\_and\\_monitoring\\_the\\_economic\\_and\\_financial\\_standing\\_of\\_suppliers\\_guidance\\_note\\_May\\_2021.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/987132/Assessing_and_monitoring_the_economic_and_financial_standing_of_suppliers_guidance_note_May_2021.pdf)

RM6322 Fund Administration & Disbursement Services has been classified as a **Gold** contract, via the Contract Tiering Tool. All Bidders tendering for this DPS are required to complete Attachment 3a - Financial Viability Assessment Tool and upload when prompted when completing your questionnaire at 54 in the DPSQ.

Attachment 3a–Financial Viability Risk Assessment Tool provides transparency as to how and what CCS will assess and allows Bidders to see their risk classifications as they complete the financial assessment. Bidders ranked Red (High Risk) or Amber (Medium Risk) against relevant thresholds must set out explanations and relevant mitigations on the relevant tabs (3.1 to 3.3) within Attachment 3a – Financial Viability Risk Assessment Tool. Further guidance around potential mitigations is also provided in The Guidance Note.

Please see Appendix 2 for instructions on how and where to submit the required information into the system.

## Instructions and guidance

Before completing Attachment 3a – Financial Viability Risk Assessment Tool, Bidders are advised to review the first tab, 'Bidder Instructions.'

### Important

On the tab 'Bidder Instructions' make sure you select the correct company/organisation type for the Lead Bidder from the dropdown provided, (row 39) before completing the Attachment 3a. Please ensure you only complete the tabs relevant to your organisation type.

- 1.1a Lead financial Input - only complete if you are a Private Limited Company/ Publicly listed company template
  - 1.1b Lead financial Input - only complete if you are Not for profit/Voluntary organisation
1. **Gold** Bidders must correctly and accurately complete Attachment 3a – Financial Viability Risk Assessment Tool
  2. Means of Proof will be in line with PCR2015 regulation 60  
<https://www.legislation.gov.uk/ukxi/2015/102/regulation/60/made>
  3. Bidders should complete all tabs in line with the instruction found within the Bidder instructions tab of the RM6322 Financial Viability Risk Assessment Tool 3a
  4. Each consortium member will be required to complete an Attachment 3a– Financial Viability Risk Assessment Tool individually, and provide copies of their published accounts for the last 3 years. Each consortium member will be assessed separately.
  5. Where the financial information inputted by the Bidder into Attachment 3a Financial Viability Risk Assessment Tool and compared to the thresholds set by the CCS (see Authority RAG thresholds tab and Annex 1), the following is calculated in the assessment (black) tabs:
    - a green result the Bidder passes the criteria and no further action is required;
    - a red or amber result(s). This will not be an automatic fail. Bidders must, however, use the black tabs to provide commentary against any red or amber results and CCS will take such explanations into consideration in its assessment of the Bidder's economical financial assessment. As well, CCS may seek further clarifications from the Bidder.
  6. If CCS requires clarification or further information or explanations, it will send a message to the Bidder via salesforce email messaging service. Bidders must respond to these requests within timeframes set in the individual messages.
  7. FVRA criteria 7 Net Asset Value is the only ratio which doesn't involve a fraction. To achieve Green – Low risk – the Bidder must be in a positive Net Asset position. If it is in a Net Liabilities position, then they are classed as High Risk.
  8. All Bidders must provide copies of:
    - their published accounts for the last 3 years or if your organisation has been in operation for less than 3 years please provide all available

accounts

- parent company published accounts for the last 3 years or if your parent company has been in operation for less than 3 years please provide all available accounts
- ultimate parent company published accounts for the last 3 years or if your ultimate parent company has been in operation for less than 3 years please provide all available accounts. In line with The Guidance Note any qualified accounts will receive additional scrutiny.

9. Bidders' financial accounts and supporting information should be in English and in UK Sterling. If the original documents are not in English, please provide copies of the originals and a certified translation into English. If the sums in the accounts are not expressed in UK Sterling then copies of the original accounts, shall be provided together with a UK Sterling rate equivalent copy utilising the pound buys exchange rate applicable on the date of auditor issue of the financial statement.

10. Each Bidder must set out the following information:

- any key events or movements in its/their financial position that have a bearing on the financial standing of the bidder that have occurred since the most recent published accounts;
- any information relating to factors that have a bearing on the financial standing of the Bidder that require a more detailed explanation than is given in the information provided in Attachment 3a – Financial Viability Risk Assessment Tool;
- a statement, where relevant, that addresses any misreporting of factual information or information that has been publicly available in the last year which, in the Bidder's opinion, requires additional explanation.

If applicable this information must be uploaded as an attachment to your bid; see Appendix 2.

11. In line with clause 2.4.15 of The Guidance Note, Bidders will be individually asked to
- Make CCS aware of any adverse changes to their Economic and Financial Standing that might adversely impact their ability to deliver required DPS outputs.
  - CCS may require the Bidder to resubmit Attachment 3a – Financial Viability Risk Assessment Tool using latest available Management Account (or equivalent) data, such that the impact on FVRA threshold ratios can be understood.

The resubmitted Attachment 3a –Financial Viability Risk Assessment Tool will then be appraised by CCS in line with the guidance above. Bidders may be excluded from the competition if satisfactory mitigations cannot be provided for Red or Amber threshold results.

12. Where, upon appointment to the DPS, the last account information, the last accounting information provided by Bidders is over 12 calendar months old, the Bidder may be asked to resubmit Attachment 3a –Financial Viability Risk Assessment Tool using either:
- Latest published accounts, where the accounts date falls within the last 12 months; or
  - Management account (or equivalent) data, where the relevant year end period falls within the last 12 months.

The provisions above will then apply, and Bidders may be excluded from the competition if unable to provide satisfactory explanations and mitigations for Red or Amber threshold results.

## Appendix 1 – FVRA risk thresholds:

Risk thresholds for RM6322 Fund Administration and Disbursement Services (in line with tab 2 of Attachment 3a –Financial Viability Risk Assessment Tool)

		RM6322			
		R	A	G	
1	Turnover Ratio				
2	Operating Margin	3.00 %		8.00%	
3a	Free Cash flow to Net Debt Ratio				
3b	Net Debt to EBITDA Ratio	3.50		2.50	
4	Net Debt and Net Pension Deficit to EBITDA Ratio	5.00		4.00	
5	Net Interest Paid Cover	3.00		4.50	
6	Acid Ratio	1.00		1.50	
7	Net Asset Value	-			
8	Group Exposure Ratio	50.00 %		25.00 %	

Notes:

- a) Outsourcing Playbook thresholds have been applied as above
- b) 3a will not be assessed

## Appendix 2 – How and where to submit the required information

<b>What</b>	<b>File name</b>	<b>Zip folder name</b>	<b>Question to upload zip folder (qualification envelope)</b>
Lead Bidder Attachment 3a	FVRA_ your organisation name	Upload as a zip folder EFS_ your organisation name	55,56 and 57 of the DPSQ
Copies of your financial accounts, audited if applicable, for the previous three years for: <ul style="list-style-type: none"> <li>• Lead Bidder</li> <li>• Parent</li> <li>• Ultimate parent</li> </ul>	Insert account period_ organisation name		
Lead Bidder response to paragraph 12 (if applicable)	12_ your organisation name		
Consortium member Attachment 3a	FVRA_consortium member name	Upload all consortium member information in one zip folder CMEFS_ your organisation name	58,59,60 and 61 of the DPSQ
Copies of your financial accounts, audited if applicable, for the previous three years for: <ul style="list-style-type: none"> <li>• Consortium member</li> <li>• Consortium Parent</li> <li>• Consortium Ultimate parent</li> </ul>	Insert account period_ organisation name		
Consortium member response to paragraph 12 (if applicable)	12_ consortium member name		