

This is a published notice on the Find a Tender service: <https://www.find-tender.service.gov.uk/Notice/003597-2024>

Contract

## **Financial Risk Modelling Services**

Homes England (the name adopted by the Homes and Communities Agency)

F03: Contract award notice

Notice identifier: 2024/S 000-003597

Procurement identifier (OCID): ocds-h6vhtk-03fc2b

Published 2 February 2024, 4:38pm

### **Section I: Contracting authority**

#### **I.1) Name and addresses**

Homes England (the name adopted by the Homes and Communities Agency)

1 Friargate

Coventry

CV1 2GN

#### **Contact**

Ms Vicky Mordey

#### **Email**

[vicky.mordey@homesengland.gov.uk](mailto:vicky.mordey@homesengland.gov.uk)

#### **Telephone**

+44 1158526998

#### **Country**

United Kingdom

**Region code**

UK - United Kingdom

**Internet address(es)**

Main address

<https://www.gov.uk/government/organisations/homes-england>

Buyer's address

<https://www.gov.uk/government/organisations/homes-england>

**I.4) Type of the contracting authority**

Regional or local Agency/Office

**I.5) Main activity**

Housing and community amenities

---

## Section II: Object

### II.1) Scope of the procurement

#### II.1.1) Title

Financial Risk Modelling Services

Reference number

DN658913

#### II.1.2) Main CPV code

- 66000000 - Financial and insurance services

#### II.1.3) Type of contract

Services

#### II.1.4) Short description

Homes England produces a range of macroeconomic forecasts on a quarterly basis. These macroeconomic forecasts need to be translated into the impact on the portfolio, and used to quantify, understand, and manage the financial risk to the Agency.

Homes England manages a multi-billion-pound Recoverable Investment portfolio consisting of c. 300 loans. The portfolio has been running since 2016 and is highly concentrated in the UK housing market with a skew towards small / medium housebuilders with limited financial and credit history, as well as special purpose vehicles (SPVs) set up to specifically to develop a site. Security for the loans is typically provided by the land associated with the development. Internal data for quantitatively estimating the impact of different macroeconomic scenarios on the various model parameters is limited.

A range of models including Expected Credit Loss models and Stress Testing models are used to quantify the financial risk of different macroeconomic scenarios on the Recoverable Investment portfolio. The inputs into these models are generally Probability of Default estimates (both through the cycle and point in time), exposure at default estimates, and Loss Given Default estimates. The regularly updated macroeconomic forecasts therefore need to be translated into these parameters for use in the various models. The Quantitative Risk and Stress Testing team (QRS) at Homes England manages this process.

All loans are internally credit rated on origination and on a regular basis throughout the term of the loan. The current process for producing the parameter estimates involves both

quantitative analysis and qualitative assessment, converting the internal ratings into the required parameter estimates. Homes England also subscribes to an external ratings agency service to assist with benchmarking the estimates.

Homes England is seeking assistance on producing these estimates on an ongoing basis. This requirement forms Lot 1: Financial Risk Parameter Estimation Services (£500k estimated value) of the Service. See Appendix A: Lot 1 Service Scope. It is envisaged that a single supplier will be appointed to lot 1.

Homes England is also seeking support in designing, building, and implementing additional financial and financial risk models to improve its understanding of the current portfolio, and to model new products and programmes. This requirement forms Lot 2: Financial Risk Modelling Advisory Services (£500k estimated value). See Appendix B: Lot 2 Service Scope. It is envisaged that there will be 4 suppliers appointed for lot 2.

Homes England designs, builds, and maintains a wide range of financial and financial risk models. These models and methodologies are applied to a wide range of financial and risk management problems, including credit risk modelling, scenario analysis and forecasting, stress testing, and IFRS 9. Homes England is also seeking external support to provide model validation and assurance services on these models. This requirement forms Lot 3 Model Review and Validation Services (£300k estimated value). See Appendix C: Lot 3 Service Scope. It is envisaged that a single supplier will be appointed to lot 3

#### **II.1.6) Information about lots**

This contract is divided into lots: Yes

#### **II.1.7) Total value of the procurement (excluding VAT)**

Value excluding VAT: £1,300,000

### **II.2) Description**

#### **II.2.1) Title**

Financial Risk Parameter Estimation Services

Lot No

1

#### **II.2.2) Additional CPV code(s)**

- 66000000 - Financial and insurance services

### **II.2.3) Place of performance**

NUTS codes

- UKC - North East (England)
- UKD - North West (England)
- UKE - Yorkshire and the Humber
- UKF - East Midlands (England)
- UKG - West Midlands (England)
- UKH - East of England
- UKI - London
- UKJ - South East (England)
- UKK - South West (England)

### **II.2.4) Description of the procurement**

Homes England produces a range of macroeconomic forecasts on a quarterly basis. These

macroeconomic forecasts need to be translated into the impact on the portfolio, and used to

quantify, understand, and manage the financial risk to the Agency.

Homes England manages a multi-billion-pound Recoverable Investment portfolio consisting

of c. 300 loans. The portfolio has been running since 2016 and is highly concentrated in the

UK housing market with a skew towards small / medium housebuilders with limited financial

and credit history, as well as special purpose vehicles (SPVs) set up to specifically to

develop a site. Security for the loans is typically provided by the land associated with the

development. Internal data for quantitatively estimating the impact of different macroeconomic scenarios on the various model parameters is limited.

A range of models including Expected Credit Loss models and Stress Testing models are used to quantify the financial risk of different macroeconomic scenarios on the Recoverable

Investment portfolio. The inputs into these models are generally Probability of Default estimates (both through the cycle and point in time), exposure at default estimates, and Loss Given Default estimates. The regularly updated macroeconomic forecasts therefore need to be translated into these parameters for use in the various models. The Quantitative

Risk and Stress Testing team (QRS) at Homes England manages this process.

All loans are internally credit rated on origination and on a regular basis throughout the term

of the loan. The current process for producing the parameter estimates involves both quantitative analysis and qualitative assessment, converting the internal ratings into the required parameter estimates. Homes England also subscribes to an external ratings agency

service to assist with benchmarking the estimates.

Homes England is seeking assistance on producing these estimates on an ongoing basis.

#### **II.2.5) Award criteria**

Quality criterion - Name: Quality / Weighting: 50

Price - Weighting: 50

#### **II.2.11) Information about options**

Options: No

### **II.2.13) Information about European Union Funds**

The procurement is related to a project and/or programme financed by European Union funds: No

## **II.2) Description**

### **II.2.1) Title**

Financial Risk Modelling Advisory Services

Lot No

2

### **II.2.2) Additional CPV code(s)**

- 66000000 - Financial and insurance services

### **II.2.3) Place of performance**

NUTS codes

- UKC - North East (England)
- UKD - North West (England)
- UKE - Yorkshire and the Humber
- UKF - East Midlands (England)
- UKG - West Midlands (England)
- UKH - East of England
- UKI - London
- UKJ - South East (England)
- UKK - South West (England)

### **II.2.4) Description of the procurement**

Homes England means Homes England (the name adopted by the Homes and Communities

Agency), or anyone acting on behalf of Homes England that is seeking to invite suitable

Suppliers to participate in this procurement process.

Homes England manages a multi-billion-pound portfolio involving a wide range of complex interventions and financial programmes. The portfolio includes the Government's £19bn Help to Buy product, £1.1bn in land assets, and £2.2bn in financial investments (loans, equity investments, and guarantees). The portfolio is highly concentrated in the UK housing market.

The Agency designs, builds, and maintains a wide range of financial and financial risk models

in tools including excel, VBA, SQL, and python. These models and methodologies are applied

to a wide range of financial and risk management problems, including credit risk modelling,

scenario analysis and forecasting, stress testing, and IFRS 9.

The Agency requires support in designing, building, and implementing additional financial and financial risk models to improve its understanding of the current portfolio, and to model new products and programmes.

#### **II.2.5) Award criteria**

Quality criterion - Name: Quality / Weighting: 50

Price - Weighting: 50

#### **II.2.11) Information about options**

Options: No

#### **II.2.13) Information about European Union Funds**

The procurement is related to a project and/or programme financed by European Union



funds: No

## **II.2) Description**

### **II.2.1) Title**

Model Review and Validation Services

Lot No

3

### **II.2.2) Additional CPV code(s)**

- 66000000 - Financial and insurance services

### **II.2.3) Place of performance**

NUTS codes

- UKC - North East (England)
- UKD - North West (England)
- UKE - Yorkshire and the Humber
- UKF - East Midlands (England)
- UKG - West Midlands (England)
- UKH - East of England
- UKI - London
- UKJ - South East (England)
- UKK - South West (England)

### **II.2.4) Description of the procurement**

Homes England means Homes England (the name adopted by the Homes and Communities

Agency), or anyone acting on behalf of Homes England that is seeking to invite suitable

Suppliers to participate in this procurement process.

Homes England manages a multi-billion-pound portfolio involving a wide range of complex

interventions and financial programmes. The portfolio includes the Government's £19bn

Page 9 to 12

Help to Buy product, £1.1bn in land assets, and £2.2bn in financial investments (loans, equity

investments, and guarantees). The portfolio is highly concentrated in the UK housing market.

The Agency designs, builds, and maintains a wide range of financial and financial risk models.

These models and methodologies are applied to a wide range of financial and risk management problems, including credit risk modelling, scenario analysis and forecasting, stress testing, and IFRS 9.

These models are built in a range of tools including excel, VBA, python, and SQL.

The Agency requires external support to provide model validation and assurance services.

#### **II.2.5) Award criteria**

Quality criterion - Name: Quality / Weighting: 50

Price - Weighting: 50

#### **II.2.11) Information about options**

Options: No

#### **II.2.13) Information about European Union Funds**

The procurement is related to a project and/or programme financed by European Union funds: No

---

## **Section IV. Procedure**

### **IV.1) Description**

#### **IV.1.1) Type of procedure**

Open procedure

#### **IV.1.8) Information about the Government Procurement Agreement (GPA)**

The procurement is covered by the Government Procurement Agreement: Yes

### **IV.2) Administrative information**

#### **IV.2.1) Previous publication concerning this procedure**

Notice number: [2023/S 000-026998](#)

---

## **Section V. Award of contract**

### **Lot No**

1

### **Title**

Financial Risk Parameter Estimation Services

A contract/lot is awarded: Yes

### **V.2) Award of contract**

#### **V.2.1) Date of conclusion of the contract**

16 January 2024

#### **V.2.2) Information about tenders**

Number of tenders received: 12

Number of tenders received from SMEs: 5

Number of tenders received from tenderers from other EU Member States: 0

Number of tenders received from tenderers from non-EU Member States: 0

Number of tenders received by electronic means: 12

The contract has been awarded to a group of economic operators: No

**V.2.3) Name and address of the contractor**

Jaywing UK Ltd

Sheffield

Country

United Kingdom

NUTS code

- UK - United Kingdom

The contractor is an SME

Yes

**V.2.4) Information on value of contract/lot (excluding VAT)**

Initial estimated total value of the contract/lot: £500,000

Total value of the contract/lot: £500,000

---

**Section V. Award of contract**

**Lot No**

2

**Title**

Financial Risk Modelling Advisory Services

A contract/lot is awarded: Yes

**V.2) Award of contract**

**V.2.1) Date of conclusion of the contract**

16 January 2024

**V.2.2) Information about tenders**

Number of tenders received: 11

Number of tenders received from SMEs: 4

Number of tenders received from tenderers from other EU Member States: 0

Number of tenders received from tenderers from non-EU Member States: 0

Number of tenders received by electronic means: 11

The contract has been awarded to a group of economic operators: No

**V.2.3) Name and address of the contractor**

Jaywing UK Ltd

Sheffield

Country

United Kingdom

NUTS code

- UK - United Kingdom

The contractor is an SME

Yes

**V.2.4) Information on value of contract/lot (excluding VAT)**

Initial estimated total value of the contract/lot: £500,000

Total value of the contract/lot: £500,000

---

## **Section V. Award of contract**

### **Lot No**

2

### **Title**

Financial Risk Modelling Advisory Services

A contract/lot is awarded: Yes

### **V.2) Award of contract**

#### **V.2.1) Date of conclusion of the contract**

16 January 2024

#### **V.2.2) Information about tenders**

Number of tenders received: 11

Number of tenders received from SMEs: 4

Number of tenders received from tenderers from other EU Member States: 0

Number of tenders received from tenderers from non-EU Member States: 0

Number of tenders received by electronic means: 11

The contract has been awarded to a group of economic operators: No

#### **V.2.3) Name and address of the contractor**

Government Actuary's Department

London

Country

United Kingdom

NUTS code

- UK - United Kingdom

The contractor is an SME

No

#### **V.2.4) Information on value of contract/lot (excluding VAT)**

Initial estimated total value of the contract/lot: £500,000

Total value of the contract/lot: £500,000

---

### **Section V. Award of contract**

#### **Lot No**

2

#### **Title**

Financial Risk Modelling Advisory Services

A contract/lot is awarded: Yes

#### **V.2) Award of contract**

##### **V.2.1) Date of conclusion of the contract**

16 January 2024

##### **V.2.2) Information about tenders**

Number of tenders received: 11

Number of tenders received from SMEs: 4

Number of tenders received from tenderers from other EU Member States: 0

Number of tenders received from tenderers from non-EU Member States: 0

Number of tenders received by electronic means: 11

The contract has been awarded to a group of economic operators: No

### **V.2.3) Name and address of the contractor**

Grant Thornton UK LLP

London

Country

United Kingdom

NUTS code

- UK - United Kingdom

The contractor is an SME

No

### **V.2.4) Information on value of contract/lot (excluding VAT)**

Initial estimated total value of the contract/lot: £500,000

Total value of the contract/lot: £500,000

---

## **Section V. Award of contract**

### **Lot No**

2

### **Title**

Financial Risk Modelling Advisory Services

A contract/lot is awarded: Yes

### **V.2) Award of contract**

#### **V.2.1) Date of conclusion of the contract**

16 January 2024

#### **V.2.2) Information about tenders**



Number of tenders received: 11

Number of tenders received from SMEs: 4

Number of tenders received from tenderers from other EU Member States: 0

Number of tenders received from tenderers from non-EU Member States: 0

Number of tenders received by electronic means: 11

The contract has been awarded to a group of economic operators: No

**V.2.3) Name and address of the contractor**

Mazars LLP

London

Country

United Kingdom

NUTS code

- UK - United Kingdom

The contractor is an SME

No

**V.2.4) Information on value of contract/lot (excluding VAT)**

Initial estimated total value of the contract/lot: £500,000

Total value of the contract/lot: £500,000

---

## **Section V. Award of contract**

### **Lot No**

3

### **Title**

Model Review and Validation Services

A contract/lot is awarded: Yes

### **V.2) Award of contract**

#### **V.2.1) Date of conclusion of the contract**

16 January 2024

#### **V.2.2) Information about tenders**

Number of tenders received: 12

Number of tenders received from SMEs: 4

Number of tenders received from tenderers from other EU Member States: 0

Number of tenders received from tenderers from non-EU Member States: 0

Number of tenders received by electronic means: 12

The contract has been awarded to a group of economic operators: No

#### **V.2.3) Name and address of the contractor**

Jaywing UK Ltd

Sheffield

Country

United Kingdom

NUTS code

- UK - United Kingdom

The contractor is an SME

Yes

#### **V.2.4) Information on value of contract/lot (excluding VAT)**

Initial estimated total value of the contract/lot: £300,000

Total value of the contract/lot: £300,000

---

## **Section VI. Complementary information**

### **VI.4) Procedures for review**

#### **VI.4.1) Review body**

Royal Court of Justice

London

Country

United Kingdom