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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

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.

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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

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Suppliers to participate in this procurement process.

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

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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

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V.2) Award of contract

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Number of tenders received: 11

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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

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Number of tenders received: 11

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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