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Contract

Limited Partnership Agreement

SME Wholesale Finance (London) Limited

F03: Contract award notice

Notice identifier: 2021/S 000-004643

Procurement identifier (OCID): ocds-h6vhtk-029994

Published 8 March 2021, 4:49pm

Section I: Contracting authority

I.1) Name and addresses

SME Wholesale Finance (London) Limited

4th Floor, 5 Chancery Lane

London

WC2A 1LG

Contact

Margarita Rodriguez Piza

Email

maggie@fundinglondon.co.uk

Telephone

+44 7957653306

Country

United Kingdom

NUTS code

UKI - London

Internet address(es)

Main address

www.fundington.co.uk

I.4) Type of the contracting authority

Body governed by public law

I.5) Main activity

Other activity

Investment

Section II: Object

II.1) Scope of the procurement

II.1.1) Title

Limited Partnership Agreement

II.1.2) Main CPV code

- 66100000 - Banking and investment services

II.1.3) Type of contract

Services

II.1.4) Short description

SME Wholesale Finance is the controlling entity for LCIF LLP which is the entity that made investments under the London Co-Investment Fund programme. LCIF LLP is transferring certain assets (the Investment) into a new fund (New Fund) to be managed by Beacon Capital Advisers LLP (Beacon). LCIF LLP will enter into and adhere to a Limited Partnership Agreement with Beacon and other Beacon entities in respect of the Investment.

Although the main object of the arrangement is the Investment, Beacon will also receive a management fees for managing the New Fund. This notice sets out details of the arrangement and the justification for entering into the Limited Partnership Agreement without prior publication of a contract notice.

II.1.6) Information about lots

This contract is divided into lots: No

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

Value excluding VAT: £1,750,000

II.2) Description

II.2.3) Place of performance

NUTS codes

- UKI - London

Main site or place of performance

London

II.2.4) Description of the procurement

The LCIF is a seed stage co-investment fund established in 2014 with c.£24 million currently invested in 150 companies. It is structured as an LLP with the partner with sole economic interest being SME Wholesale Finance, a wholly owned subsidiary of the Greater London Authority. LCIF is transferring certain assets into the New Fund managed by Beacon. This will be matched by at least £10m of additional funds committed by private sector investors. Beacon is a fund manager which will receive a 2% management fee and 20% carry in return for managing the New Fund.

Beacon Capital Advisers and other entities in the same group will enter into a Limited Partnership Agreement which sets out the terms of the arrangement and each parties' obligations. LCIF LLP, and other investors, will adhere to this Agreement as limited partners. The primary objective and focus of the arrangement is for LCIF to invest in the New Fund alongside other investors. Beacon's management services are ancillary to this primary objective but cannot be separated from the primary objective. This is a bespoke initiative, established to leverage additional funding from private sector investors. Beacon's role as the fund manager is to procure these investors and manage the investment on behalf of all investors. The key criterion for incoming investors will be Beacon's ability to professionally manage the investments on their behalf. As such, there is no alternative to competitively select a third party manager and separate the management fee element from the investment. The services, thus, remain ancillary to the investment, and the remuneration is substantially contingent upon the performance of the fund.

The PCR 2015 do not apply to investment arrangements entered into by public bodies but rather to contracts for works, supplies and services. Regulation 4(2)(b) PCR 2015 states that where there is a mixed contract which involves elements both within and outside the scope of the PCR 2015, and these elements are not objectively separable, the applicable regime is determined on the basis of the main subject-matter of the contract. Consequently, as the main subject-matter of the Limited Partnership Agreement (and the arrangement as a whole) is the investment of the LCIF assets, and the management services are an ancillary element which are intrinsically linked to the investment, neither SME Wholesale Finance or LCIF LLP is required to conduct a procurement exercise in respect of the Investment or the Limited Partnership Agreement. This notice is being completed to provide transparency to the market and details of the contract award.

The Limited Partnership Agreement and operation of the fund is expected to have a ten year term but the parties will have the option to extend the term for an additional two years.

The parties intend to enter into the Limited Partnership Agreement and LCIF LLP will adhere to it following the expiry of thirty days from publication of this notice on Find a Tender Service.

II.2.5) Award criteria

Quality criterion - Name: n/a / Weighting: 50%

Cost criterion - Name: n/a / Weighting: 50%

II.2.11) Information about options

Options: Yes

Description of options

While the term of the Limited Partnership Agreement and operation of the fund is expected to have a ten year duration, there will be the option to extend the term for an additional two years.

II.2.14) Additional information

The estimated value of the management fee to be received by Beacon is specified in sections II.1.7 (Total value of the procurement) and V.2.4 (Information on value of the contract) as £1.75 million but the value is expected to be within a range of between £1 million and £1.75 million. Beacon will receive a 2% management fee per annum for the first five years of the duration of the arrangement but this fee is expected to reduce for the remainder of the term.

Similarly, at section V.2.1 (Date of conclusion of the contract), the date of the notice was submitted as having been entered into, but LCIF LLP has not yet adhered to the Limited Partnership Agreement but will do so following the expiry of 30 days following publication of this notice on Find a Tender Service.

Section IV. Procedure

IV.1) Description

IV.1.1) Type of procedure

Award of a contract without prior publication of a call for competition in the cases listed below

- The procurement falls outside the scope of application of the regulations

Explanation:

Beacon Capital Advisers and related entities will enter into a Limited Partnership Agreement which sets out the terms of the arrangement and each parties' obligations. LCIF LLP and other investors will adhere to this Agreement as limited partners. The primary objective and focus of the arrangement is for LCIF to invest in the new fund alongside other investors. Beacon's management services are ancillary to this primary objective but cannot be separated from the primary objective. This is a bespoke initiative, established to leverage additional funding from private sector investors. Beacon's role as the fund manager is to procure these investors and manage the investment on behalf of all investors. The key criterion for incoming investors will be Beacon's ability to professionally manage the investments on their behalf. As such, there is no alternative to competitively select a third party manager and separate the management fee element from the investment. The services, thus, remain ancillary to the investment, and the remuneration is substantially contingent upon the performance of the fund

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

The procurement is covered by the Government Procurement Agreement: No

Section V. Award of contract

A contract/lot is awarded: Yes

V.2) Award of contract

V.2.1) Date of conclusion of the contract

8 March 2021

V.2.2) Information about tenders

Number of tenders received: 1

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

V.2.3) Name and address of the contractor

Beacon Capital Advisers

Greater London

Country

United Kingdom

NUTS code

- UKI - London

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: £1,750,000

Total value of the contract/lot: £1,750,000

Section VI. Complementary information

VI.4) Procedures for review

VI.4.1) Review body

Royal Courts of Justice

London

Country

United Kingdom