

**INVITATION TO TENDER**

**&**

**STATEMENT OF REQUIREMENT**

**PR23 recalibration of the Network Rail passenger Schedule 8 regime**

**CPV Code: 72221000**

**Supplementary Code: 66171000**

**Tender Reference: ORR/CT/22-20**

**Purpose of document**

The purpose of this document is to invite proposals for the PR23 recalibration of the Schedule 8 regime between Network Rail and passenger train operators for the Office of Rail and Road (ORR).

This document contains the following sections:

1. Introduction to the Office of Rail and Road

2. Statement of Requirement

3. Tender Proposal & Evaluation Criteria

4. Procurement Procedures

**1. Introduction to the Office of Rail and Road (ORR)**

The Office of Rail and Road is the independent safety and economic regulator of Britain’s railways who also hold National Highways to account for its day-to-day efficiency and performance, running the strategic road network, and for delivering the five year road investment strategy set by the Department for Transport (DfT). ORR currently employs approximately 360 personnel and operates from 6 locations nationwide. The majority of personnel are located at ORR’s headquarters, 25 Cabot Square, London. For more information please see our web site: [www.orr.gov.uk](http://www.orr.gov.uk).

Our strategic objectives

**1. A safer railway:**  
Enforce the law and ensure that the industry delivers continuous improvement in the health and safety of passengers, the workforce and public, by achieving excellence in health and safety culture, management and risk control.

**2. Better rail customer service:**  
Improve the rail passenger experience in the consumer areas for which we have regulatory responsibility and take prompt and effective action to improve the service that passengers receive where it is required.

**3. Value for money from the railway:**  
Support the delivery of an efficient, high-performing rail service that provides value for money for passengers, freight customers, governments, and taxpayers.

**4. Better Highways:**  
National Highways operates the strategic road network, managing motorways and major roads in England. Our role is to monitor and hold it to account for its performance and delivery, so that its customers enjoy predictable journeys on England’s roads.

Supplying ORR

The ORR procurement unit is responsible for purchasing the goods and services necessary for ORR to achieve its role as the economic and health & safety regulator of the rail industry.

The ORR Procurement unit subscribes to the following values:

* to provide a modern, efficient, transparent and responsible procurement service;
* to achieve value for money by balancing quality and cost;
* to ensure contracts are managed effectively and outputs are delivered;
* to ensure that processes have regard for equality and diversity; and
* to ensure that procurement is undertaken with regard to Law and best practice.

Small and Medium Enterprises

ORR considers that this contract may be suitable for economic operators that are small or medium enterprises (SMEs) and voluntary organisations. However, any selection of tenderers will be based on the criteria set out for the procurement, and the contract will be awarded on the basis of the most economically advantageous tender.

Small and Medium Enterprises and Voluntary Organisations:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Enterprise Category** | **Headcount** | **Turnover** | **Or** | | **Balance Sheet Total** |
| **Micro** | **<10** | **≤ € 2 million** | | **≤ € 2 million** | |
|
| **Small** | **<50** | **≤ € 10 million** | | **≤ € 10 million** | |
|
| **Medium** | **<250** | **≤ € 50 million** | | **≤ € 43 million** | |
|
| **Large** | **>251** | **> € 50 million** | | **> € 43 million** | |

Please ensure that you indicate how your organisation is categorised on the Form of Tender document which should be submitted along with your proposal.**2. Statement of Requirement**

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| **2.1 Background to the project** |
| The Office of Rail and Road (ORR) is currently carrying out its 2023 Periodic Review of Network Rail (PR23). This will set the outputs and funding for Network Rail for Control Period 7 (CP7) which will run from 1st April 2024 to 31st March 2029.  As part of this process, ORR is reviewing the Schedule 8 regime. Schedule 8 is the industry performance regime, which incentivises Network Rail and train operators for fluctuations in train performance from pre-determined benchmarks, and in so doing provides financial protection to operators against unplanned disruption. ORR’s work on Schedule 8 is part of the ‘charges and incentives’ pillar of PR23 and is being led by ORR’s Rail Economics team.  Through the Schedule 8 regime, train operators are held financially neutral to the long-term revenue impact of fluctuations in performance which they are not directly responsible for. Schedule 8 is a benchmarked regime, with payments being made for performance both above and below the benchmark. For Network Rail performance worse than the benchmark, compensation is provided to train operators for future lost revenues as a result of disruption that they have not caused. The mechanism is symmetric, so for better-than-benchmark performance by Network Rail, train operators make payments to Network Rail, reflecting the increase in future revenue that they expect to make as a result of the better-than-expected performance. Schedule 8 also comprises a regime for delays between train operators, providing compensation or bonus payments for worse or better than benchmark performance. Network Rail effectively acts as a central clearing house, based on a ‘star model’ which has Network Rail at its centre.  In order for the Schedule 8 regime to provide appropriate compensation, it is important that the regime is calibrated correctly. The regime should be recalibrated to provide a realistic reflection of the impact of performance on revenue (through payment rates) and the relative performance that should be expected from different parts of the network (through performance benchmarks).  For further background to ORR’s PR23 review of Schedule 8, see:   * [June 2021 consultation on Schedule 8](https://www.orr.gov.uk/search-consultations/review-schedule-8-train-performance-regime) * [April 2022 consultation on Schedules 4 and 8](https://www.orr.gov.uk/search-consultations/review-schedule-4-possessions-regime-and-schedule-8-train-performance-regime)   ORR’s April 2022 consultation has now closed, and ORR intends to make its policy conclusions in the autumn.  ORR’s April 2022 consultation stated that we envisaged that Schedule 8 will continue to apply to all operators in CP7. We stated that we would consider alternative arrangements, including in the event that legislation changed the current requirement for a performance scheme, but bidders should assume that Schedule 8 is recalibrated to apply to all operators (i.e. in line with its current scope).  The April 2022 consultation did not propose any significant changes to the structure and design of Schedule 8. The consultation did however leave open the possibility that some parameters could be updated during CP7 to reflect the latest evidence – this could have value in order to address uncertainties arising from COVID‑19. **For this reason, we require that the models constructed by the consultants undertaking the recalibration (the ‘recalibration consultants’) are constructed in such a way as to be readily updatable during the control period, by the recalibration consultants or a third party, for example on an annual basis or as an ad hoc recalibration.**  More broadly, the recalibration consultants’ models should reflect decisions made by ORR. These decisions will come firstly in ORR’s expected autumn 2022 policy conclusions, e.g regarding continued use of trajectories for calibrating Network Rail’s performance trajectories. Models should also reflect decisions made throughout the course of the recalibration process, through engagement with passenger train operators and Network Rail that the recalibration consultants will lead.  This ITT for the recalibration of the passenger Schedule 8 regime covers the following work:   * Network Rail Benchmarks * Train Operator Benchmarks * Network Rail Payment Rates * Train Operator Payment Rates * Sustained Poor Performance thresholds   A passenger recalibration working group has been established to inform methodology issues such as the recalibration period and the evidence base underpinning Network Rail Payment Rates (undertaken by a sub-group). This working group includes Network Rail and a wide range of TOCs, and meets roughly every four weeks.  The recalibration of Schedule 4 and the freight and charter Schedule 8 regimes will be led separately.  **Separate audit of the recalibration work**  There will be a separate independent audit of the work of the recalibration consultants that will be procured separately (supplier not yet known). This will inform industry and ORR sign-off of the regime prior to the start of CP7. Given time constraints, this independent audit will happen in parallel with the recalibration consultants’ work, and will require full engagement and co-operation from the recalibration consultants. The recalibration consultants would be expected to respond to audit findings to correct errors or omissions, or to reflect modelling best practice.  This independent audit will be in addition to the internal quality assurance that must be provided by the recalibration consultants themselves. |
| **2.2 Project Objectives & Scope** |
| The methodology followed in the PR18 recalibration forms the starting point for how we would expect the PR23 recalibration to proceed. This methodology is summarised in separate [Phase 1](https://www.raildeliverygroup.com/files/Publications/Consultant%27sfinalreportforPhase1.pdf) and [Phase 2](https://www.raildeliverygroup.com/files/Publications/minutes-wg/s8-rec/Consultant%27sfinalreportforPhase2.pdf) methodology documents. We may be content for consultants to propose alternative methods for the CP7 recalibration, but only if the work can be carried out more effectively by doing so. ORR will take the final decision on whether any deviations in methodology for the CP7 recalibration will be taken forward.  For the PR23 recalibration, differences must be recognised as a result of the significant impacts of COVID-19 on train performance and passenger revenues. For example, it is unlikely to be the case that historic data will fully represent expected levels of performance and/or passenger revenues at 1 April 2024 and throughout CP7. ORR will make the final decisions about the data-sets to be used by the consultants, and any adjustments to be made to reflect current and predicted performance levels. It is the role of the consultants to recalibrate the parameters of the Schedule 8 regime within the bounds of this methodology.  The above is also true in the limited circumstances where operators and Network Rail agree that a deviation from the national methodology or base data is appropriate, and ORR agrees to it (for example where a bespoke recalibration occurs – see section below on bespoke recalibrations).  This work comprises the recalibration the Network Rail and Train Operator Payment Rates, Network Rail and Train Operator Benchmarks and Sustained Poor Performance (SPP) thresholds. Each of these parameters (except SPP thresholds, which are defined at the train operator level) is defined at a service group level, of which there are currently around 150, and must be recalibrated for each service group.  The consultants will be expected to lead on the recalibration of Schedule 8, driving industry discussions around any outstanding methodology questions and recalibration results. The consultants should ensure that the project is completed within the timescales required (set out in the ‘project timescales’ section). Throughout this work, the consultants should engage with train operators and Network Rail Regions (further details on the expected engagement are set out below, in the ‘project outputs’ section). This engagement should be with the view to enable train operators and Network Rail Regions to be in a position to sign-off the recalibrated parameters. The consultants will not be responsible for ensuring that final sign-off happens, as this will ultimately be a decision for ORR.  The recalibration consultants will be expected to recalibrate the regime such that it reflects any known changes in Service Group composition that have happened since the PR18 recalibration period (e.g. Service Group remapping for a change in franchise contracts). The expectation is that consultants do not remap historic data for timetable changes, nor adjust historic data for the impact of the pandemic on performance and revenue data. Train operators and Network Rail will be expected to decide on whether any further changes are required to the underlying data, and propose those changes. The consultants should consider any such proposals, with ORR making final decisions on any changes to methodology.  As already noted in section 2.1, **we require that the models constructed by the recalibration consultants are constructed in such a way as to be readily updatable during the control period**, by the recalibration consultants or a third party, for example on an annual basis or as an ad hoc recalibration. This is likely to require a difference in model construction from the approach followed in PR18.  The section below describes each of the parameters that require recalibration. The recalibration of these parameters will apply to all of the operators in the relevant table in the annex to this ITT.  This section does not set out the interactions required for the bespoke recalibrations – instead see ‘Interaction with bespoke recalibrations’ below.  **We do not require the recalibration consultants to carry out an update of Monitoring Point Weightings and Cancellation Minutes.** Instead, we are providing an opportunity for train operators and Network Rail to bilaterally discuss and propose changes to these parameters. Following agreement by ORR these will be provided to the recalibration consultants.  Network Rail Payment Rates  Network Rail Payment Rates govern the level of payments to train operators as a result of disruption that they have experienced but have not directly caused to themselves. The level of the Network Rail Payment Rate is calibrated such that it reflects train operators’ expected long-term revenue losses due to unplanned disruption. This is based on industry evidence which shows that passengers who have experienced disruption on the railway are less likely to use the railway in the future, hence train operators’ future farebox revenues are affected. The Network Rail Payment Rates do not capture the anticipated cost of passenger compensation as a result of disruption.  Network Rail Payment Rates are set out in column C of Appendix 1 to Schedule 8 of each train operator’s track access agreement with Network Rail. We require the recalibration consultants to recalibrate the Network Rail Payment Rate for all Service Groups except those subject to bespoke recalibrations.  The PR18 approach to recalibration of Network Rail Payment Rates is summarised in Section 2 of the [PR18 Phase 2 methodology document](https://www.raildeliverygroup.com/files/Publications/minutes-wg/s8-rec/Consultant%27sfinalreportforPhase2.pdf).  The Network Rail Payment Rate for each Service Group should be based on the latest and best available evidence of how passengers react to unplanned disruption on the railway, and therefore the consequential impact on train operators’ revenues. ORR will specify what this evidence is, and how this should be reflected in the Network Rail Payment Rates.  A sub-group of the Schedule 8 passenger recalibration working group is currently reviewing a recent study by Systra into passenger responses to disruption. This review **may result in a decision for the PR23 recalibration to change the method of estimating the demand response (e.g. use of a ‘semi-elasticity’ approach), and adoption of different elasticity estimates**. This would result in changes to the modelling approach required from the recalibration consultants compared to PR18. ORR will specify to the recalibration consultants any changes in approach compared to the PR18 methodology – we expect this decision to be made prior to the commencement of the recalibration consultants’ work.  Train Operator Payment Rates  Train Operator Payment Rates govern the level of the payment that train operators make to Network Rail as a result of disruption that they cause to themselves (i.e. TOC-on-Self disruption). Network Rail uses this payment to fund the Schedule 8 compensation made to other train operators affected by this disruption, through what is commonly referred to as the ‘star model’. The level of Train Operator Payment Rates is calibrated so as for Network Rail to be overall financially neutral to the Schedule 8 payments required as a result of disruption caused by a train operator. The levels of the Train Operator Payment Rates are therefore dependent on the Network Rail Payment Rates.  Train Operator Payment Rates are set out in column E of Appendix 1 to Schedule 8 of each train operator’s track access agreement with Network Rail. We require the recalibration consultants to recalibrate the Train Operator Payment Rates for all 150 Service Groups.  The PR18 approach to the recalibration of Train Operator Payment Rates, on which we would expect the PR23 recalibration to be based, is summarised in Section 4 of the [PR18 Phase 2 methodology document](https://www.raildeliverygroup.com/files/Publications/minutes-wg/s8-rec/Consultant%27sfinalreportforPhase2.pdf).  Network Rail Benchmarks  Network Rail Benchmarks define the level of performance, in terms of Average Minutes Lateness (AML) against which Network Rail makes payments to (in the case of underperformance) or receives payments from (in the case of outperformance) train operators at the Network Rail Payment Rate. Network Rail Benchmarks are aligned to Network Rail’s regulatory performance trajectories.  Network Rail Benchmarks are set out in column B of Appendix 1 to Schedule 8 of each train operator’s track access agreement with Network Rail (contractualised as ‘performance points’). We require the recalibration consultants to recalibrate the Network Rail Benchmark for all 150 Service Groups.  The PR18 approach to recalibration of Network Rail Benchmarks is the starting point for the PR23 recalibration and is summarised in Section 3 of the [PR18 Phase 2 methodology document](https://www.raildeliverygroup.com/files/Publications/minutes-wg/s8-rec/Consultant%27sfinalreportforPhase2.pdf).  Please note that, for PR18, the Network Rail Benchmarks were aligned to Network Rail’s regulatory performance trajectories which were set in terms of a measure of train performance known as ‘CRM-P’. For CP7, **the metric of Network Rail’s performance trajectories is likely to change, and ORR** [**proposed in July 2022**](https://www.orr.gov.uk/sites/default/files/2022-07/2022-07-28-pr23-policy-framework-technical-consultation-document.pdf) **(chapter 4 of linked document) to use the ‘On Time’ and ‘Cancellations’ whole-industry performance measures in CP7. The approach to calibrating the Network Rail Benchmarks will have to be adjusted to reflect this**. The exercise will involve a fully adapted version of the regression set out in the [PR18 Phase 2 methodology document](https://www.raildeliverygroup.com/files/Publications/minutes-wg/s8-rec/Consultant%27sfinalreportforPhase2.pdf) (paragraphs 3.47 to 3.54), based on the new measure(s). We will confirm which performance metric(s) will be used in CP7 by early 2023, but would currently expect the recalibration consultants to proceed on the basis of the changes proposed in the July 2022 consultation. This should therefore be reflected in bids.  Train Operator Benchmarks  Train Operator Benchmarks define the level of performance, again in terms of AML, against which train operators make payments to (for underperformance) / receive payments from (for outperformance) Network Rail at the Train Operator Payment Rate. Train Operator Benchmarks are set based on average TOC-on-Self performance over the recalibration period.  Train Operator Benchmarks are set out in column D of Appendix 1 to Schedule 8 of each train operator’s track access agreement with Network Rail. We require the recalibration consultants to recalibrate the Train Operator Benchmark for all Service Groups (with the exception of those subject to a bespoke recalibration).  The PR18 approach to recalibration of Train Operator Benchmarks, on which we would expect the PR23 recalibration to be based, is summarised in Section 3 of the [PR18 Phase 2 methodology document](https://www.raildeliverygroup.com/files/Publications/minutes-wg/s8-rec/Consultant%27sfinalreportforPhase2.pdf).  Sustained Poor Performance thresholds  The Sustained Poor Performance (SPP) provisions of Schedule 8 allow train operators to claim for Relevant Losses over and above those provided through the formulaic Schedule 8 payments, if Network Rail’s performance is significantly worse than benchmarks for a sustained period.  SPP is triggered if Network Rail’s performance is on average worse than the SPP threshold for 13 consecutive periods.  SPP thresholds are set out in Appendix 3 to Schedule 8 of each train operator’s track access agreement with Network Rail. We require the recalibration consultants to recalculate the SPP threshold for each train operator.  The PR18 approach to recalculation of Sustained Poor Performance thresholds, on which we would expect the PR23 calculation to be based, is summarised in Section 5 of the [PR18 Phase 2 methodology document](https://www.raildeliverygroup.com/files/Publications/minutes-wg/s8-rec/Consultant%27sfinalreportforPhase2.pdf).  Interactions with bespoke recalibrations  We expect there to be a bespoke recalibration required for MTR Crossrail and those service groups of other operators’ with which MTR Crossrail’s services interact. This bespoke recalibration is outside the scope of the national recalibration. The recalibration consultants will need to coordinate receipt of output data from the bespoke recalibration in order to use it as an input to the national recalibration (e.g. for calculation of TOC payment rates). |
| **2.3 Project Outputs, Deliverables and Contract Management** |
| **Governance and engagement with industry**  The consultants will report directly to the assigned ORR project manager.  Good engagement with industry is vital in the Schedule 8 recalibration. We expect the consultants to lead conversations with the industry in the recalibration, bilaterally and with the existing recalibration working group. This should be with the view to ensuring that the recalibration takes on board any significant special circumstances. Engagement should also ensure that train operators and Network Rail sufficiently understand the recalibration work to be in a position to sign-off the recalibrated parameters. The consultants will not be responsible for ensuring sign-off of the recalibrated parameters, as this will ultimately be a decision for ORR.  We expect the consultants to meet with the Schedule 8 passenger recalibration working group on multiple occasions throughout the recalibration process to:   * Explain the planned methodology for recalibrating the Schedule 8 parameters. * Raise issues that may arise during the recalibration, and seek industry input on proposed ways forward. * Keep the industry informed about the progress of the recalibration work. * Present results based on agreed methodology (subject to confidentiality constraints), answer stakeholder queries and address concerns.   In addition to this, we also expect consultants to meet with each train operator and relevant Network Rail Regions on an individual basis. This is to give these parties the opportunity to discuss any issues or data which may be confidential, and to provide evidence for limited local exceptions to the national methodology. In the case of such local exceptions, the recalibration consultants would be expected to consider and summarise the merits of the case, presenting to ORR to make final decisions.  We expect all recalibration working group meetings to be via MS Teams. For bilateral engagement, ORR does not require that meetings should be in person, but the format should be agreed with each operator/ Network Rail Region.  **External audit**  The recalibration consultants’ work will be externally audited to ensure that the newly calibrated parameters are fit for purpose.  This in no way absolves the recalibration consultants of their general quality assurance responsibilities. We expect the consultants undertaking this work to check all calculations and outputs to confirm they are correct, before the external audit takes place.  **Expected data requirements**  We expect to provide consultants with the following data and information to undertake this work:   * Confirmation of the Schedule 8 recalibration period – this will be a one or two year period, to be informed by ORR ahead of the commencement of the recalibration. The period is likely to include a bespoke 12-month period from Period 8 2021-22 to Period 7 2022‑23 – the months being selected so as to limit the impact of COVID-19 on reference data. * Current PEARS reference data, which will set out:   + TOC / Service Group / Service Code hierarchy   + Current Monitoring Points   + Current Monitoring Point Weightings   + Current Cancellation Minutes * Any updated Monitoring Points, Monitoring Point Weightings and Cancellation Minutes (as bilaterally agreed between TOCs and Network Rail and agreed by ORR) * MOIRA version appropriate for each train operator * Demand and train operator revenue data from LENNON * Generalised Journey Time (GJT) and distance data from MOIRA (as required) * PDFH version 6.0 (as required) * PEARS data by each current Monitoring Point and Service Group – PEARS data should be used wherever possible, with PSS data as a back-up * PSS data by train, location and delay event. (Although PSS correctly identifies the Service Group for a train at each location, it does not apply direction of peak-type logic to the data. This will need to be done separately by the consultant.) * Relevant data from bespoke recalibrations for input to the national recalibration * Network Rail’s regulatory performance targets for CP7 * Confirmation of any change to approach for the Network Rail Payment Rate recalibration, and any associated data requirements not captured above * Any bespoke data inputs as agreed between train operators and Network Rail, and approved by ORR for use in the recalibration * Other data-sets as required   It may be possible for consultants to propose alternative data sources for this work, if the work can be carried out more effectively by doing so. If consultants do wish to propose alternative data sources, we would require appropriate assurances to be made that the data is fit for purpose, and would result in appropriate Schedule 8 parameters for CP7.  Data provided for the purpose of this project should be treated as confidential.  **Expected outputs**   * Draft interim outputs for review-point in March 2023, i.e. draft interim models (used in the calculation of parameters) and a draft interim methodology report (detailing the methodology and calculations for the recalibration). * A summary of all finalised Network Rail and Train Operator Benchmarks, and Network Rail and Train Operator Payment Rates by operator and Service Group (with the exception of any bespoke parameters stated above). * Base data for remapped historical performance at Monitoring Point and day level. * Network Rail and Train Operator Benchmark results pre and post remapping for Service Group changes, if relevant, so that the impact of the remapping on the recalibration is clear. * A summary of all finalised SPP thresholds, by operator. * A model (or models) for calculating SPP thresholds, that can be readily updated for new data in the case of mid-control period recalibrations. * Any models used in the calculations of the finalised parameters, to allow for external audit and for use in future recalibration exercises (including in the case of annual or ad hoc updates). * A report documenting the methodology employed and detailing the calculations for all elements of the Schedule 8 recalibration.   The selected supplier is required to provide all information sources (in electronic form) and datasets generated to ORR in appropriate formats when the study has finished. Any code (if used) to carry out the analysis should also be provided, with annotation.  **Contract Management Requirements**  The recalibration consultants’ key point of contact will be the assigned ORR project manager.  ORR would expect to receive from the recalibration consultants weekly progress report emails, and to hold weekly or fortnightly update meetings with the consultants. These updates and meetings should discuss progress of the deliverables and highlight any risks or issues. |
| **2.4 Project Timescales** |
| The provisional project timetable is set out in the table below.   |  |  | | --- | --- | | **Recalibration tasks** | **Dates** | | **Network Rail Payment Rates** | | | Agree and finalise methodology; receive and process data; one-to-one engagement with regions & operators | October 2022 to March 2023 | | Draft results shared with regions and operators | April 2023 | | Final results shared with regions and operators | May 2023 | | Submission of Network Rail Payment Rates for formal approval by ORR | June 2023 | | **Train Operator Payment Rates, TOC Benchmarks, Network Rail Benchmarks and SPP thresholds (described as ‘all other parameters in section 2.5 below)** | | | Agree and finalise methodology; receive and process data; one-to-one engagement with regions & operators | October 2022 to July 2023 | | Draft results shared with regions and operators | July 2023 to August 2023 | | Final results shared with regions and operators | October 2023 | | Submission to ORR for formal approval of results | November 2023 | | **Cross-cutting deliverables** | | | Gateway review at which recalibration consultants will be required to submit draft interim models (used in the calculation of the finalised parameters) and a draft interim methodology report (detailing calculations for the recalibration). | March 2023 | | Submit final models and final methodology report | November 2023 |   An independent audit of the recalibration consultants’ work will happen in parallel with the above work. |
| **2.5 Budget and Payment Schedule** |
| The maximum budget for this piece of work is £350,000 (inc. of expenses, exc. of VAT).  Payment Schedule:  40% on satisfactory conclusion of gateway review Mar 2023  20% following approval of submission of Network Rail Payment Rates June 2023  30% on delivery and approval of all other parameters Nov 2023  10% on delivery and acceptance of final methodology report Nov 2023 |
| **2.6 Further project related information for bidders** |
| **Intellectual Property Rights**  ORR will own the Intellectual Property Rights for all project related documentation and artefacts. This includes all models created by the recalibration consultants, which should be provided to ORR for future use.  **Transparency requirements**  Please note ORR is required to ensure that any new procurement opportunity above £10,000 (excluding VAT) is published on Contracts Finder, unless the ORR is satisfied it is lawful not to. Once a contract has been awarded as a result of a procurement process, ORR is required to publish details of who won the contract, the contract value and indicate whether the winning supplier is a SME or voluntary sector organisation.  **Confidentiality**  All consultants working on the project may be required to sign a confidentiality agreement and abide by the Cabinet Office’s protective marking guidelines, which ORR uses to protectively mark a proportion of its information. In addition, given the sensitivity of company-specific data, the consultant may be required to sign additional confidentiality agreements as required by external stakeholders.  **Sub-Contractors**  Contractors may use sub-contractors subject to the following:   * That the Contractor assumes unconditional responsibility for the overall work and its quality; * That individual sub-contractors are clearly identified, with fee rates and grades made explicit to the same level of detail as for the members of the lead consulting team.   Internal relationships between the Contractor and its sub-contractors shall be the entire responsibility of the Contractor. Failure to meet deadlines or to deliver work packages by a subcontractor will be attributed by ORR entirely to the Contractor.  **Conflict of Interest**  At the date of submitting the tender and prior to entering into any contract, the tenderer warrants that no conflict of interest exists or is likely to arise in the performance of its obligations under this contract; or  Where any potential, actual or perceived conflicts of interest in respect of this contract exist, tenderers need to outline what mitigation/safeguards would be put in place to mitigate the risk of actual or perceived conflicts arising during the delivery of these services.  The ORR will review the mitigation/safeguards in line with the perceived conflict of interest, to determine what level of risk this poses to them. Therefore, if tenderers cannot or are unwilling to suitably demonstrate that they have suitable safeguards to mitigate any risk then their tender will be deemed non-compliant and may be rejected. |

**3. Tender Response & Evaluation criteria**

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| **3.1 The Tender Response** |
| The proposals for this project should include an outline of how bidders will meet the requirement outlined in the Section 2 Statement of Requirement. The following information should be included:  **a) Understanding of customer's requirements**   * Demonstrate an understanding of the requirement and overall aims of the project.   **b) Approach to customer's requirements**   * Provide an explanation of the proposed approach and any methodologies bidders will work to. * A project plan to show how outputs and deliverables will be produced within the required timescales, detailing the resources that will be allocated. * An understanding of the risks, and explain how they would be mitigated to ensure delivery. * What support bidders will require from ORR.   **c) Proposed delivery team**   * Key personnel including details of how their key skills, experience and qualifications align to the delivery of the project; and * Project roles and responsibilities * Confirmation that you have carried out the necessary employment checks (e.g. right to work in the UK) * Relevant examples of previous work that bidders have carried out (e.g. case studies)   **d) Pricing**  A fixed fee for the project inclusive of all expense. This should include a breakdown of the personnel who will be involved with the project, along with associated charge rates and anticipated time inputs that can be reconciled to the fixed fee.  **e) Conflicts of Interest**  Confirm whether you have any potential, actual or perceived conflicts of interest that may by relevant to this requirement and outline what safeguards would be put in place to mitigate the risk of actual or perceived conflicts arising during the delivery of these services. |
| **3.2 Evaluation Criteria** |
| Tenders will be assessed for compliance with procurement and contractual requirements which will include:   * Completeness of the tender information * Completed Declaration Form of Tender and Disclaimer * Tender submitted in accordance with the conditions and instructions for tendering * Tender submitted by the closing date and time * Compliance with contractual arrangements.   Tenders that are not compliant may be disqualified from the process. We reserve the right to clarify any issues regarding a Bidder’s compliance. It will be at ORR's sole discretion whether to include the relevant Bidder’s response in the next stage of the process.  The contract will be awarded to the Bidder(s) submitting the **‘most economically advantageous tender’**. Tenders will be evaluated according to weighted criteria as follows:  **SELECTION QUESTIONNAIRE (Pass/fail)**  The bidder must supply a completed the Selection Questionnaire alongside the tender proposal.  **QUALITY**  **Methodology (20%)**  The proposal should set out the methodology by which the project requirement will be initiated, delivered and concluded. In particular, it must:  a) Explain the methodology and delivery mechanisms to ensure that the requirements of this specification are met in terms of quality;  b) Explain how your organisation will work in partnership with ORR’s project manager to ensure that the requirement is met;   1. Explain how your organisation will engage with external stakeholders.   **Delivery (20%)**  The proposal should set out how and when the project requirement will be delivered. In particular, it must:  a) Explain how this work will be delivered to timescale and how milestones will be met, detailing the resources that will be allocated to each stage;  b) Demonstrate an understanding of the risks, and project dependencies and explain how they would be mitigated to ensure project delivery;  c) Explain the resources that will be allocated to delivering the required outcomes/output, and what other resources can be called upon if required.  **Experience (40%)**  The proposal should set out any experience relevant to the project requirement. In particular, it must:  a) Provide CVs of the consultants who will be delivering the project;  b) Highlight the organisation’s relevant experience for this project, submitting examples of similar projects.  **Cost / Value for money (20%)**  A **fixed fee** for delivery of the project requirement (inclusive of all expenses), including a full price breakdown for each stage of the project and details of the day rates that will apply for the lifetime of this project.   |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | | Name of consultant | Grade | Role | Day rate | Number of days | Total cost (ex VAT) | |  |  |  |  |  |  | |  |  |  |  |  |  | |  |  |  |  |  |  |   Please note that consultancy grades should align with the following definitions:   |  |  | | --- | --- | | **Grade** | **Requirement** | | Junior consultant | Demonstrable experience in a wide range of projects in their specialist field. Evidence of client facing experience and support services to wider consultancy projects. | | Consultant | Notable experience and in-depth knowledge of their specialist field. Evidence of a wide range of consultancy projects and client facing experience. Support work in process and organisational design and leading workshops and events. | | Senior Consultant | Substantial experience in their specialist field and in a consultancy/training role. Previous experience in project management and working in a wide range of high quality and relevant projects. Familiarity of the issues/problems facing public sector organisations. | | Principal Consultant | Substantial experience in their specialist field and in a consultancy/training role. Sound knowledge of the public sector and current policy and political issues affecting it. Previous experience in project management on at least three major projects, preferably in the public sector and using the PRINCE2 or equivalent method. | | Managing Consultant | Substantial experience in their specialist field and in a consultancy role. In depth knowledge of the public sector and of current policy and political issues affecting it. Previous experience in project management on at least 5 major projects, preferably in the public sector and using PRINCE2 or equivalent methods. | | Director / Partner | Extensive experience in their specialist field, in which they are nationally or internationally renowned as an expert. Extensive experience of leading or directing major, complex and business critical projects; bringing genuine strategic insight. In depth knowledge of the public sector and of current policy and political issues affecting it. |   **Interviews and Presentations (0%)**  Subject to the outcome of the scoring below, the ORR may invite the top scoring suppliers to present their solution.  **Marking Scheme**  The Selection Questionnaire is a self-declaration and not scored. Evidence will only be called upon when the winning bidder has been identified. If evidence is not provided upon request and without delay, we reserve the right to amend the contract award decision and award to the next compliant bidder  For Methodology, Delivery and Experience the following shall apply:   |  |  | | --- | --- | | Score 0 | Unanswered or totally inadequate response to the requirement. Complete failure to grasp/reflect the core issues | | 1 | Minimal or poor response to meeting the requirement. Limited understanding, misses some aspects | | 3 | Good understanding and interpretation of requirements, providing clear evidence of how the criterion has been met | | 5 | Excellent response fully addressing the requirement and providing significant additional evidence of how the criterion has been met and how value would be added |   Your scores will be multiplied by the relevant weighting to provide a total Quality score.  For the Price evaluation the following shall apply:  The lowest fixed fee will be awarded the maximum price score of 100. All other bidders will get a price score relative to the lowest fee tendered. The calculation we will use to calculate your score is as follows:  Price Score = Lowest Total Fee x 100  Bidder’s Total Fee  **Total Score:**  The total score shall be calculated by adding the Quality and Price scores to provide a total score.  For the Presentations and Interviews the following shall apply:  The ORR may invite the top scoring 3 bidders (or 2 if there is a clear distinction between the total score of bids 2&3) to present their bids. The presentation shall not be scored but shall be used as a validation of the score applied during the Quality evaluation.  **Award:**  Following completion of the presentations including any validation of scores, the award shall be to the highest total scoring bid, subject to any evidence required from the selection questionnaire and subject to contract. The award decision shall also be subject to Standstill and all bidders shall be notified of the intended outcome. |

**4. Procurement procedures**

Tendering Timetable

The timescales for the procurement process are expected to be as follows:

|  |  |
| --- | --- |
| **Element** | **Timescale** |
| Invitation to tender issued | 09 August 2022 |
| Deadline for the submission of clarification questions | 30 August 2022 1700hrs |
| Deadline for submission of proposals | 09 September 2022 1000hrs |
| Shortlisted suppliers notified | 19 September 2022 |
| Interviews and presentations\* | w/c 26 September 2022 |
| Notice of decision to award a contract | 29 September 2022 |
| Standstill (finish) | 10 October 2022 |
| Contract award | w/c 10 October 2022 |
| Project Inception Meeting | w/c 10 October 2022 |

\*Please ensure that the Project Manager and other key consultants who will be delivering this work are available to give presentations on the interview date

Tendering Instructions and Guidance

**Amendments to ITT document**

Any advice of a modification to the Invitation to Tender will be issued as soon as possible before the Tender submission date and shall be issued as an addendum to, and shall be deemed to constitute part of, the Invitation to Tender. If necessary, ORR shall revise the Tender Date in order to comply with this requirement.

**Clarifications & Queries**

Please note that, for audit purposes, any query in connection with the tender should be submitted via the ORR eTendering portal.The response, as well as the nature of the query, will be notified to all suppliers without disclosing the name of the Supplier who initiated the query.

**Submission Process**

Tenders must be uploaded to the ORR eTendering portal **no later** than the submission date and time shown above. Tenders uploaded after the closing date and time may not be accepted. Bidders have the facility to upload later versions of tenders until the closing date/time.

Tenders should be uploaded as follows:

Qualification Envelope:

Completed Selection Questionnaire

Quality/Technical Envelope:

Completed tender response (less Price)

Price/Commercial Envelope:

Completed pricing document of fixed fee

Form of Tender

Disclaimer

Any proposed minor changes to the contract T&Cs

If you are already registered on our eTendering portal but have forgotten your login details, please contact the portal administrator.

An evaluation team will evaluate all tenders correctly submitted against the stated evaluation criteria.

By issuing this Invitation to Tender ORR does not undertake to accept the lowest tender, or part or all of any tender. No part of the tender submitted will be returned to the supplier

**Cost & Pricing Information**

Tender costs remain the responsibility of those tendering. This includes any costs or expenses incurred by the supplier in connection with the preparation or delivery or in the evaluation of the tender. All details of the tender, including prices and rates, are to remain valid for acceptance for a period of 90 days from the tender closing date.

Tender prices must be in Sterling.

Once the contract has been awarded, any additional costs incurred which are not reflected in the tender submission will not be accepted for payment.

**References**

References provided as part of the tender may be approached during the tender stage

**Accessibility Guidelines**

As a public body we are legally required to comply with accessibility guidelines. Please ensure any commissioned report is in a format that meets web accessibility regulations.

**Contractual Information**

Following the evaluation of submitted tenders, in accordance with the evaluation criteria stated in this document, a contractor may be selected to perform the services and subsequently issued with an order.

Any contract awarded, as a result of this procurement will be placed with a prime contractor who will take full contractual responsibility for the performance of all obligations under the contract. Any sub-contractors you intend to use to fulfil any aspect of the services must be identified in the tender along with details of their relationship, responsibilities and proposed management arrangements.

The proposal should be submitted in the form of an unconditional offer that is capable of being accepted by the ORR without the need for further negotiation. Any contract arising from this procurement will be based upon ORR’s standard Terms & Conditions (see Form of Agreement attached). You should state in your proposal that you are willing to accept these Terms & Conditions.

The ORR does not expect to negotiate individual terms and expects to contract on the basis of those terms alone. If you do not agree to the Conditions of Contract then your tender may be deselected on that basis alone and not considered further.

The ORR may be prepared to consider non-fundamental changes to the standard terms and conditions in exceptional circumstances. If there are any areas where you feel you are not able to comply with the standard ORR terms and conditions, then details should be submitted as a separate annex to the proposal using the following format:

|  |  |  |  |
| --- | --- | --- | --- |
| ***Clause Number*** | ***Existing Wording*** | ***Proposed Wording*** | ***Rational for amendment*** |
|  |  |  |  |
|  |  |  |  |

Any services arising from this ITT will be carried out pursuant to the contract which comprises of:

* ORR Terms & Conditions;
* Service Schedules;
* This Invite to Tender & Statement of Requirement document; and
* The chosen supplier’s successful tender.

## ORR’s Transparency Obligations and the Freedom of Information Act 2000 (the Act)

The ORR is a central Government department and as such complies with the Government’s transparency agenda. As a result, there is a presumption that contract documentation will be made available to the public via electronic means. The ORR will work with the chosen supplier to establish if any information within the contract should be withheld and the reasons for withholding it from publication.

Typically the following information will be published:

* contract price and any incentivisation mechanisms
* performance metrics and management of them
* plans for management of underperformance and its financial impact
* governance arrangements including through supply chains where significant contract value rests with subcontractors
* resource plans
* service improvement plans

Where appropriate to do so information will be updated as required during the life of the contract so it remains current;

In addition, as a public authority, ORR is subject to the provisions of the Freedom of Information Act 2000. All information submitted to a public authority may need to be disclosed by the public authority in response to a request under the Act. ORR may also decide to include certain information in the publication scheme which it maintains under the Act. If a bidder considers that any of the information included in its proposal is commercially sensitive, it should identify it and explain (in broad terms) what harm may result from disclosure if a request is received and the time period applicable to that sensitivity. Bidders should be aware that even where they have indicated that information is commercially sensitive ORR may be required to disclose it under the Act if a request is received. Bidders should also note that the receipt of any material marked “confidential” or equivalent by the public authority should not be taken to mean that the public authority accepts any duty of confidence by virtue of that marking. If a request is received ORR may also be required to disclose details of unsuccessful bids

Please use the following matrix: to list such information:

|  |  |  |
| --- | --- | --- |
| Para. No. | Description | Applicable exemption under FOIA 2000 |
|  |  |  |
|  |  |  |
|  |  |  |

**Annex – List of operators**

**National Recalibration**

TransPennine Express

Greater Anglia

Northern

CrossCountry

West Midlands Trains

London Overground

East Midlands Railway

Caledonian Sleeper

ScotRail

LNER

Merseyrail

Avanti West Coast

Transport for Wales Rail

Chiltern Railway

c2c

South Western Railway

Govia Thameslink Railway

Southeastern

Great Western Railway

Heathrow Express

Grand Central

Hull Trains

Lumo

**Expected bespoke Crossrail recalibration**

MTR Crossrail

Greater Anglia (elements)

Great Western Railway (elements)

Heathrow Express (elements)