



Department for Transport

Department for Transport: Aviation Strategy – Competitive Markets Expert advice on options for reforms to the airport slot allocation process

Background

The government is developing a new, wide-ranging Aviation Strategy with the aim to build on the UK's aviation sector's existing success, and deliver a plan for a safe, secure and sustainable aviation sector that meets the needs of consumers and of a global, outward-looking Britain. As part of this, the government is assessing whether various markets within the aviation sector – including the system for allocation of slots at capacity-constrained airports – are working for the benefit of consumers.

To contribute to this work, the Department for Transport is seeking expert advice on the workings of the airport slot allocation system, and the potential implications of a number of different options for reforming the system, including in the context of allocating slots at an expanded Heathrow Airport.

The government announced in 2016 that a new Northwest runway at Heathrow Airport was its preferred option for delivering additional runway capacity in the south east of England. On Monday 25 June 2018 Parliament voted to approve plans for a new northwest runway at the airport. The Secretary of State for Transport has therefore formally designated the Airports National Policy Statement (NPS), paving the way for Heathrow's operator to submit a planning application.

The expert advice will support development of reforms to the slot allocation system, to feed into an Aviation Strategy Green Paper consultation (due to be published in autumn 2018) and a subsequent White Paper (due in the first half of 2019).

Background to the authority

The Department for Transport's Aviation Directorate is responsible for developing and overseeing the government's aviation policy objectives set out in the *Aviation Policy Framework* (2012), and in time, the new Aviation Strategy currently under development.

Scope of requirements

The Department requires a technical expert to:

1. Provide technical advice on how ACL (the UK's designated slot co-ordinator) currently allocates slots in different circumstances, and implications for the allocation of new slots following Heathrow's expansion;
2. Provide technical advice on a number of identified options for slot reform; the interaction with the Government's objectives for slot reform and wider public policy objectives; and practical considerations related to implementation;

3. Engage with key airline, airport and slot co-ordinator stakeholders, to advise on the appetite for reforming current slot allocation rules, and preferences for slot reform options; and,
4. Engage with airlines and other relevant stakeholders to provide market insight on likely airline bidding patterns for slots at an expanded Heathrow.

Skills and experience required

Airport slot allocation knowledge / expertise

The appointed technical expert will have recent knowledge of, and preferably direct practical experience in, delivery of slot co-ordination services at UK co-ordinated airports. Examples include attendance at slot conferences, or recent engagement at an airport co-ordination committee. The technical expert will also have detailed insight into the process through which the designated co-ordinator allocates slots at co-ordinated airports.

Contacts with relevant airline and other aviation sector stakeholders

The technical expert will have experience engaging with key aviation industry stakeholders and regulatory organisations that have an interest in slot allocation at UK airports. The expert is also expected to have access to contacts within these stakeholder organisations, to deliver the services required.

Nature of the services required

The Department expects the technical expert to:

- Investigate the practical possibilities of implementing – separately or in combination – options for reform of the slot allocation process, as identified by a government-led Airport Slots Working Group.
- Provide expert views on the likely short- and longer term impacts (benefits / disbenefits) of the suggested reforms on the operation of the slot allocation system, as well as identifying any possible wider economic and/or regulatory impacts.
- Provide an expert opinion on the practicalities of the suggested reforms, including advice on how the options can be implemented.
- Agree with Department for Transport Aviation Policy officials a list of aviation sector stakeholders and their representative industry bodies, with whom to seek views on the likely acceptance of various reform options, and to identify any other options suggested by stakeholders.
- Undertake engagement with agreed aviation sector stakeholders as described above.
- Engagement with other consultants and advisers the Department may procure to advise on slot policy.
- Investigate slot allocation issues specifically raised by the dedicated air freight, general aviation and travel agent industries. Provide advice on how their specific concerns can be dealt with whilst still encouraging an efficient and welfare maximising allocation of slots.
- Meet regularly with Department for Transport Aviation Policy officials (frequency to be determined at an initiation meeting following commencement of contract) to review progress.
- Present findings and conclusions to Department for Transport Aviation Policy officials in the form of an interim and final report as described below.

The expert's work will primarily be undertaken primarily at his/her own premises, though there will be a requirement for review meetings at the Department of Transport's offices in Great Minster House.

Deliverables

The required deliverables will be in the form of:

- An interim report to the Department for Transport, no later than 31/10/2018, setting out initial findings from the analysis of the reform options, and findings from engagement with aviation stakeholders;
- A full report, to be submitted no later than 01/05/2019 setting out full conclusions from the analysis of all the reform options, with views on likely impacts of each as indicate above, matched alongside views from industry stakeholders on the practicality and acceptability of each option.
- Regular progress updates – either via brief written reports, emails, telephone calls, or face-to-face meetings – at intervals to be agreed at the initiation meeting following contract commencement.

The technical expert will be required to share a draft of the interim and final reports with the Department upon completion, for any clarification questions prior to sign-off.

Timing and duration

The Department expects the technical expert to be available for a period of up to six months from the commencement of the contract.

Conflict of interest

Potential bidders will be required to identify in writing:

- any potential, actual or perceived conflicts of interest in respect of delivering this service, and ;
- outline what safeguards they would put in place to mitigate the risk of actual or perceived conflicts arising during the delivery of these services.

If a potential bidder cannot, or is unwilling, suitably to demonstrate that they have suitable safeguards to mitigate any risk then their Tender will be deemed non-compliant and they will be unable to be considered for this requirement.

Subsequent work

Based on the conclusions of the final report there **MAY** be a requirement for additional/supplementary work. However this is not certain at this stage.

Potential bidders should note that in the spirit of open government, the Department for Transport may publish all or part of the final report in the public domain.

Reporting arrangements

The technical expert will set out their conclusions in a full report to the Department for Transport by the end of the contracted period.

The purpose of the report will be to inform aviation policy development by the Department for Transport as part of the government's new Aviation Strategy. For the avoidance of doubt, the opinions set out in the expert's report will not in any way be binding on government, and will not be a material factor in any future policy decisions on the operation of the airport slot allocation process.

Tender Evaluation

Details of the tender evaluation criteria and the methodology which will be applied are set out in Annex A and Annex B. Please provide a response to each of the questions and a completed Price Schedule.

Annex A – Bid Matrix

QUESTIONNAIRE 1 – QUALITY			Weighting – 70%	
All Potential Providers MUST answer ALL the following questions				
Question Number	Question	Minimum Acceptable Score	Maximum Available Score	Weighting [X]%
1.	Please detail your proposal for undertaking the Authority’s requirement to deliver a professional expert analysis of, and conclusions on the feasibility of, a series of possible options for changes to the way slots are allocated at constrained (co-ordinated) UK airports.	50	100	50%
2.	Please detail how your experience makes you a suitable candidate to undertake this work.	50	100	50%
<p>Response Guidance Your response should include the following:</p> <ul style="list-style-type: none"> - Your approach to answering each of the key questions outlined in the ‘scope’ section, through identification of theoretical mechanisms behind transport market failures and how regional air connectivity schemes can (or cannot) act to address these - Your past experience researching this field (research papers, notes workshops etc.), and how this is applicable to the project in question. <p>Please submit 1 attachment for these questions with a total page limit of 2 sides of A4.</p>				

QUESTIONNAIRE 2 – PRICE		Weighting – 30%
GUIDANCE	Potential Providers must upload the price schedule at the question level on the e-Sourcing event. Prices should be submitted in pounds Sterling inclusive of any expenses but exclusive of VAT. Potential Providers will be marked in accordance with the marking scheme in Annex B.	
Question Number	Question	Max Score
3.	Please confirm, by selecting ‘YES’ that you have or attached a completed Price Schedule to the response to this question. In so doing, you are also confirming that prices offered are inclusive of any expenses, exclusive of VAT and firm for a period of 90 days following the Deadline for Submission.	100

Annex B – Price Evaluation Process

Prices submitted by Potential Providers' in the Price Schedule will be recorded and evaluated in accordance with the following process.

Potential Providers' are required to provide a completed pricing schedule (based on 60 days' work) against the 'Price' Questionnaire within the e-Sourcing event.

Prices offered will be evaluated against the range of prices submitted by all Potential Providers for that item.

The Potential Provider with the lowest price for the requirement shall be awarded the Maximum Score Available. The remaining Potential Providers shall be awarded a percentage of the Maximum Score Available equal to their price, relative to the lowest price submitted.

The calculation used is the following:

$$\frac{\text{Lowest Price Tendered}}{\text{Tender price}} \times \text{Maximum Score Available}$$

Potential Provider	Price Submitted	Score Calculation	Maximum Score Available	Score Awarded
Potential Provider A	£1,000	$\frac{£1,000}{£1,000} * 100$	100	100
Potential Provider B	£2,000	$\frac{£1,000}{£2,000} * 100$	100	50
Potential Provider C	£2,500	$\frac{£1,000}{£2,500} * 100$	100	40

The Quality Score will be added to the Price Score to determine the final score for each Potential Provider ("Final Score").

Annex C – Procurement Timetable

Description	Date
Formal Publication of the ITT	17/07/2018
Clarification Period starts	17/07/2018
Clarification Period closes	20/07/2018
Deadline for a response to the clarification questions	24/07/2018
Deadline for submission of a Tender	27/07/2018
Bid Evaluation Period	27/07/2018 – 02/08/2018
Notification of intent to award to suppliers	03/08/2018
Standstill Period	03/08/2018 - 13/08/2018
Anticipated Award Date of Contract	14/08/2018

Procurement Contact	Name	Ramz Islam
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All queries/ questions should be sent to the procurement contact