



Government  
Actuary's  
Department

# Invitation to Tender

## Economic Scenarios

Government Actuary's Department  
17 November 2023

**You must submit your tender via email to [procurement@gad.gov.uk](mailto:procurement@gad.gov.uk)**



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# Schedule 1: Invitation to Tender

## Introduction

- 1.1 The Government Actuary's Department is seeking a Provider to provide stochastic simulations of economic scenarios and asset returns, as further described in Schedule 2.

## 2 Government Actuary's Department

- 2.1 The Government Actuary's Department ('GAD') is a non-ministerial Government department with a mission to improve the stewardship of public sector finances by supporting effective decision-making and robust financial reporting through actuarial analysis, modelling and advice. We provide actuarial solutions including financial risk analysis, modelling and advice to support the UK public sector. We apply the actuarial profession's technical skills, consultancy discipline, high standards of professionalism and industry sector knowledge to solve financial challenges faced by the UK public sector.

## 3 Means of communication

- 3.1 GAD is posting this tender electronically on Contracts Finder and will use email to manage this procurement and communicate with Tenderers. Accordingly, there will be no hard copy documents issued and all communications with GAD including the submission of Tenderers responses will be conducted via electronic means.

## 4 Overview of the ITT and procurement process

- 4.1 Prior to commencing formal evaluation, Tender Responses will be checked to ensure they are fully compliant with the conditions of Tender. Non-compliant Tender Responses may be rejected by GAD. Tender Responses which are deemed by GAD to be fully compliant will proceed to evaluation. These will be evaluated using the selection criteria and weightings as detailed in the Specification Document. Tenderers are required to complete all templates or documents in accordance with the instructions.

## 5 Proposed contract

- 5.1 It is GAD's intention to enter into a contract.
- 5.2 GAD reserves the right not to enter into any resultant Contract as a result of this ITT.
- 5.3 The Tenderer will within 30 days of being called upon to do so by GAD execute the Contract in the form set out in the "Short form terms and conditions" outlined on the gov.uk website or in such amended form as may subsequently be agreed:

<https://www.gov.uk/government/publications/short-form-terms-and-conditions>

## 6 Tendering process – general

- 6.1 These instructions are designed to ensure that all Tenders are given equal and fair consideration. It is important therefore that you provide all the information asked for in the format and order specified.
- 6.2 Please email any queries to [procurement@gad.gov.uk](mailto:procurement@gad.gov.uk), if you have any doubt as to what is required or will have difficulty in providing the information requested.

GAD is bound by the Public Contracts Regulations 2015:

<https://www.gov.uk/guidance/public-sector-procurement-policy>

- 6.3 Tenderers should read this ITT, all instructions and enclosed documents carefully before completing the Tender documentation. Failure to comply with these requirements for completion and submission of the Tender Response may result in the rejection of the Tender. Tenderers are advised therefore to acquaint themselves fully with the extent and nature of the services and contractual obligations. These instructions constitute the Conditions of Tender. Participation in the tender process automatically signals that the Tenderer accepts these Conditions of Participation.
- 6.4 All material issued in connection with this ITT shall remain the property of GAD and shall be used only for the purpose of this procurement exercise. All Due Diligence Information shall be either returned to GAD or securely destroyed by the Tenderer (at GAD's option) at the conclusion of the procurement exercise.
- 6.5 The Tenderer shall ensure that each and every sub-contractor abides by the terms of these instructions and the Conditions of Tender. Where a consortium or sub-contracting approach is proposed, Tenderers shall complete the relevant questions in the Application Form. Relevant information should be provided in the Tender in respect of all consortium members and Sub-Contractors to enable GAD to assess the overall consortium or core supply base. Further information on a Tenderers Sub-Contractors may be requested and be subject to approval by GAD. Other Sub-Contractors can be added to at a later date with the consent of GAD following approval. Where the members of a consortium change at any time after submission of a Tender, the Tenderer should inform GAD immediately. If the change in membership of the consortium materially affects the evaluation of the Tender, GAD may reject the Tender. Consortia may be required to form a legal entity which will enter into the resulting Contract. This is without prejudice to GAD's right to require a consortium to contract with it by other means, such as through a lead Contractor or by the consortium members assuming joint and several liability. The Tenderer shall ensure that each Sub-Contractor, consortium member and adviser complies with the terms of the ITT.
- 6.6 The Tenderer shall not make contact with any other employee, agent or consultant of GAD who is in any way connected with this procurement exercise during the period of this procurement exercise, unless instructed otherwise by GAD. Unless otherwise stated in the ITT or in writing by GAD, all communications from Tenderers (including Tenderers' Sub-Contractors, consortium members, consultants and advisers) during the procurement must be made using the instructions provided. GAD will not respond to communications made by other means and Tenderers should not rely on communications from GAD unless they are made appropriately.
- 6.7 GAD shall not be committed to any course of action as a result of:

- issuing this ITT or any invitation to participate in this procurement exercise;
  - an invitation to submit any Response in respect of this procurement exercise;
  - communicating with a Tenderer or a Tenderer's representatives or agents in respect of this procurement exercise; or
  - any other communication between GAD and/or any Tenderer (whether directly or by its agents or representatives) and any other party.
- 6.8 Tenderers shall accept and acknowledge that by issuing this ITT GAD shall not be bound to accept any Tender and reserves the right not to conclude a Contract for some or all of the services for which Tenders are invited.
- 6.9 Additionally, GAD reserve the right to accept multiple tenders, with each independently providing the service requirements as defined in this document.
- 6.10 GAD reserves the right to amend, add to or withdraw all or any part of this ITT at any time during the procurement exercise.
- 6.11 If, once a Tenderer has expressed interest in a Tender and subsequently decided not to proceed /withdraw from the process they must notify GAD.

## 7 Confidentiality of the ITT and Related Documents

- 7.1 Subject to the exceptions referred to in the following paragraph, the contents of this ITT are being made available by GAD on condition that:
- 7.2 Tenderers shall at all times treat the contents of the ITT and any related documents (together called the 'Information') as confidential, save in so far as they are already in the public domain;
- 7.3 Tenderers shall not disclose, copy, reproduce, distribute or pass any of the Information to any other person at any time or allow any of these things to happen;
- 7.4 Tenderers shall not use any of the Information for any purpose other than for the purposes of submitting (or deciding whether to submit) a Tender; and
- 7.5 Tenderers shall not undertake any publicity activity within any section of the media.
- 7.6 Tenderers may disclose, distribute or pass any of the Information to their advisers, sub-contractors or to another person provided that either:
- This is done for the sole purpose of enabling a Tender to be submitted and the person receiving the Information undertakes in writing to keep the Information confidential on the same terms as if that person were the Tenderer; or
  - The Tenderer obtains the prior written consent of GAD in relation to such disclosure, distribution or passing of Information; or
  - The disclosure is made for the sole purpose of obtaining legal advice from external lawyers in relation to this ITT or any procurement arising from it; or
  - The Tenderer is legally required to make such a disclosure.

- 7.7 The definition of 'person' includes but is not limited to any person, firm, body or association, corporate or incorporate.
- 7.8 GAD may disclose detailed information relating to Tenders to its officers, employees, agents or advisers and GAD may make any of the ITT documents available for private inspection by its officers, employees, agents or advisers. GAD also reserves the right to disseminate information that is materially relevant to the procurement to all Tenderers, even if the information has only been requested by one Tenderer, **subject** to the duty to protect each Tenderer's commercial confidentiality in relation to its Tender (unless there is a requirement for disclosure under the Freedom of Information Act, as explained in the next section).

## 8 Freedom of Information, Government Policy and Transparency

- 8.1 In accordance with the obligations and duties placed upon public authorities by the Freedom of Information Act 2000 and its equivalents in the devolved administrations (the 'FoIA'), GAD may, acting in accordance with the FoIA Act, be required to disclose information submitted by the Tenderer to GAD.
- 8.2 In respect of any information submitted by a Tenderer that it considers to be commercially sensitive the Tenderer should:
- Clearly identify such information as "commercially sensitive";
  - Explain the potential implications of disclosure of such information; and
  - Provide an estimate of the period of time during which the Tenderer believes that such information will remain commercially sensitive.
- 8.3 Where a Tenderer identifies information as commercially sensitive, GAD will endeavor to maintain confidentiality. Tenderers should note, however, that, even where information is identified as commercially sensitive, GAD may be required to disclose such information in accordance with the FoIA. In particular, GAD is required to form an independent judgment concerning whether the information is exempt from disclosure under the FoIA and whether the public interest favours disclosure or not. Accordingly, GAD cannot guarantee that any information marked 'confidential' or "commercially sensitive" will not be disclosed and accepts no liability for any loss or prejudice caused by the disclosure of information.
- 8.4 Where a Tenderer receives a request for information under the FoIA during the procurement process, this should be immediately passed on to GAD and the Tenderer should not attempt to answer the request without first consulting with GAD.
- 8.5 The parties acknowledge that, except for any information which is exempt from disclosure in accordance with the provisions of the FOIA, the content of this ITT and any resultant contract is not Confidential Information. GAD shall be responsible for determining in its absolute discretion whether any of the content of the Agreement is exempt from disclosure in accordance with the provisions of the FOIA. Notwithstanding any other term of this Agreement, the Contractor hereby gives his consent for GAD to publish the Agreement in

its entirety (but with any information which is exempt from disclosure in accordance with the provisions of the FOIA redacted), including from time to time agreed changes to the contract, to the general public.

- 8.6 Tenderers should be aware that the Government has set out the need for greater transparency in public sector procurement and that if they are awarded a Contract, the tender documents and Contract will be published on the Contracts Finder website:

<https://www.gov.uk/contracts-finder>

- 8.7 In some circumstances, limited redactions may be made to some contracts before they are published

## 9 Timescales

- 9.1 Please refer to the Specification Document for information regarding the estimated Project Timetable.

## 10 Communication

- 10.1 All communications and documents forming part of the tender should be clearly headed “Invitation to Tender” and include the project name (Economic Scenarios), tender reference number, the name, email contact details and position of the person making the communication.
- 10.2 Requests for Tender clarifications must be submitted via email (to [procurement@gad.gov.uk](mailto:procurement@gad.gov.uk)) by Friday 1st December.

## 11 Employee Issues – “TUPE”

- 11.1 The Parties to any resultant contract recognise that the Transfer of Undertakings (Protection of Employment) Regulations 1981 (TUPE), or as amended may apply in respect of this Agreement, and should they so apply, that for the purposes of those Regulations, the undertaking concerned (or any relevant part of the undertaking) shall transfer to the Contractor on the commencement of full operations. If applicable, details will be provided in the Specification Document.

## 12 Preparation of Tender and Costs

- 12.1 Tenderers must obtain for themselves at their own responsibility and expense all information necessary for the preparation of Tenders. Tenderers are solely responsible for the costs and expenses incurred in connection with the preparation and submission of their Tender and all other stages of the selection and evaluation process. Under no circumstances will GAD, or any of their advisers, be liable for any costs or expenses borne by Tenderers, sub-contractors, suppliers or advisers in this process even if the Tender is terminated or amended by GAD for any reason whatsoever.



- 12.2 Tenderers are required to complete and provide all information required by GAD in accordance with the Conditions of Tender and the Invitation to Tender. Failure to comply with the Conditions and the Invitation to Tender may lead GAD to reject a Tender Response.
- 12.3 GAD relies on Tenderers' own analysis and review of information provided. Consequently, Tenderers are solely responsible for obtaining the information which they consider is necessary in order to make decisions regarding the content of their Tenders and to undertake any investigations they consider necessary in order to verify any information provided to them during the procurement process.
- 12.4 Tenderers must form their own opinions, making such investigations and taking such advice (including professional advice) as is appropriate, regarding the services and their Tenders, without reliance upon any opinion or other information provided by GAD or their advisers and representatives. Tenderers should notify GAD promptly of any perceived ambiguity, inconsistency or omission in this ITT, any of its associated documents and/or any other information issued to them during the procurement process via email (to [procurement@gad.gov.uk](mailto:procurement@gad.gov.uk)).

## 13 Tender Validity

- 13.1 Your Tender should remain open for acceptance for a period of 90 days. A Tender valid for a shorter period may be rejected.

## 14 Submission of Tenders

- 14.1 ALL tenders must be submitted via email (to [procurement@gad.gov.uk](mailto:procurement@gad.gov.uk)). Hard copy tenders sent directly to GAD will not be considered.
- 14.2 GAD may at its own absolute discretion extend the closing date and the time for receipt of Tenders specified.
- 14.3 Any extension granted under the paragraph above will apply to all Tenderers.
- 14.4 The tender and any documents must be in the English language - Price and any financial data provided must be submitted in, or converted to pounds sterling. Payment against any resultant Purchase Order will likewise be made in Pounds sterling. Multiple documents may be submitted in response to each question however they must be uploaded into one zipped file (Winzip). If you have any queries regarding acceptable file formats, please refer to the supplier guidance documents.
- 14.5 GAD does not accept responsibility for the premature opening or mishandling of Tenders that are not submitted in accordance with these instructions.
- 14.6 Tenderers should not include in the Tender any extraneous information which has not been specifically requested in the ITT including, for example, any sales literature, standard terms of trading etc.

## 15 Disclaimers

- 15.1 Whilst the information in this ITT and supporting documents has been prepared in good faith, it does not purport to be comprehensive nor has it been independently verified.
- 15.2 Neither GAD, nor any relevant Other Contracting Bodies (OCBs) nor their advisors, nor their respective directors, officers, members, partners, employees, other staff nor agents:
- makes any representation or warranty (express or implied) as to the accuracy, reasonableness or completeness of the ITT; or
  - accepts any responsibility for the information contained in the ITT or for their fairness, accuracy or completeness of that information nor shall any of them be liable for any loss or damage (other than in respect of fraudulent misrepresentation) arising as a result of reliance on such information or any subsequent communication.
- 15.3 Any persons considering making a decision to enter into contractual relationships with GAD following receipt of this ITT should make their own investigations and their own independent assessment of GAD and its requirements for the services and should seek their own professional financial and legal advice.
- 15.4 Neither the issue of the ITT nor any of the information presented in it should be regarded as a commitment or representation on the part of GAD to enter into a contractual arrangement. Nothing in the ITT or in any other communication made between GAD and any other party should be interpreted as constituting a contract, agreement or representation between GAD and any other party (save for a formal award of contract made in writing and supported by a duly authorised Purchase Order) or as constituting a contract, agreement or representation that a contract shall be offered.
- 15.5 Any Contract or Purchase Order concluded as a result of this ITT shall be governed by English law.

## 16 Collusive behaviour

- 16.1 The essence of the public procurement process is that GAD shall receive bona fide competitive Tenders from all Tenderers. In recognition of this principle you warrant this is a bona fide Tender, intended to be competitive and that you have not fixed or adjusted the amount of the Tender or the rates and prices quoted by or under or in accordance with any agreement or arrangement with any other party.
- 16.2 In this document:
- the word “person” includes any person, body or association, corporate or incorporate
  - the phrase “any agreement or arrangement” includes any transaction, formal or informal whether legally binding or not.
- 16.3 In entering this electronic process you also confirm that you have not done, and undertake that you will not do at any time, any of the following acts:

- fixes or adjusts the amount of its Tender by or in accordance with any agreement or arrangement with any other party; or
- communicates to any party other than GAD the amount or approximate amount of its proposed Tender or information which would enable the amount or approximate amount to be calculated (except where such disclosure is made in confidence in order to obtain quotations necessary for the preparation of the Tender or insurance or any necessary security); or
- enters into any agreement or arrangement with any other party that such other party shall refrain from submitting a Tender; or
- enters into any agreement or arrangement with any other party as to the amount of any Tender submitted; or
- offers or agrees to pay or give or does pay or give any sum or sums of money, inducement or valuable consideration directly or indirectly to any party for doing or having done or causing or having caused to be done in relation to any other Tender or proposed Tender, any act or omission;

16.4 Any Tenderer who does any of the acts listed shall (without prejudice to any other civil remedies available to GAD and without prejudice to any criminal liability which such conduct by a Tenderer may attract) be disqualified.

## 17 No inducement or Incentive

17.1 The ITT is issued on the basis that nothing contained in it shall constitute an inducement or incentive nor shall have in any other way persuaded a Tenderer to submit a Tender or enter into any other contractual agreement.

## 18 Contract Execution

18.1 The Tenderer in submitting the Tender undertakes that in the event of the Tender being accepted by GAD and GAD confirming in writing such acceptance to the Tenderer, the Tenderer will within 30 days of being called upon to do so by GAD execute the Contract in the form set out in the “Short form terms and conditions” outlined on the gov.uk website or in such amended form as may subsequently be agreed:

<https://www.gov.uk/government/publications/short-form-terms-and-conditions>

18.2 Tenderers should acknowledge that Acceptance of the Tender may require an element of clarification between appraisal and finalisation.

18.3 GAD shall be under no obligation to accept the lowest priced or any Tender.

## 19 Tender Clarifications

19.1 All requests for clarification about the requirements or the process of this procurement exercise shall be submitted via email ([procurement@gad.gov.uk](mailto:procurement@gad.gov.uk)).

- 19.2 Any request for clarification regarding the ITT should be submitted at the earliest opportunity via email and in any event no later than the deadline for clarifications set out in the Timetable. No questions will be accepted after the clarification deadline.
- 19.3 GAD will respond to all reasonable clarifications as soon as possible but cannot guarantee a minimum response time. GAD will publish all clarifications and its responses to all Tenderers other than in exceptional circumstances.
- 19.4 If a Tenderer believes that a request for clarification is commercially sensitive, the Tenderer should clearly state this when submitting the clarification request. However, if GAD considers either that:
- the clarification and response is not commercially sensitive; or
  - all Tenderers may benefit from its disclosure
- GAD will inform the Tenderer, which will have an opportunity to withdraw it. If the clarification is not withdrawn, the clarification request and Authority's response will be published to all Tenderers.
- 19.5 GAD may not respond to a clarification or publish it where GAD considers that the response may prejudice GAD's commercial interests. In such circumstances, GAD will inform the Tenderer of its view.
- 19.6 In order to ensure equality of treatment of Tenderers, GAD intends to publish the questions and clarifications raised by Tenderers together with GAD's responses (but not the source of the questions) to all participants on a regular basis.
- 19.7 GAD reserves the right (but is not obliged) to seek clarification of any aspect of a Tender and/or provide additional information during the evaluation phase in order to carry out a fair evaluation. Failure to respond adequately may result in the Tender being rejected.

## 20 Amendments to Tender Documents

- 20.1 At any time prior to the deadline for the receipt of Tenders, GAD may modify the ITT by amendment. Any such amendment will be numbered and dated and issued by GAD to all prospective Tenderers. In order to give prospective Tenderers reasonable time in which to take the amendment into account in preparing their Tenders, GAD may, at its discretion, extend the Deadline for receipt of Tenders.

## 21 Late Tenders

- 21.1 Any Tender received at the designated point after the closing date may be rejected unless the Tenderer can provide irrefutable evidence that the Tender was capable of being received by the due date and time and that only electronic difficulties prevented such receipt.

## 22 Tenderers Modification and Withdrawal

- 22.1 Tenderers may modify their Tender prior to the Deadline, no Tender may be modified subsequent to the Deadline for receipt.
- 22.2 The modification notice must state clearly how GAD should implement the modification.
- 22.3 Tenderers may withdraw their Tender at any time prior to the Deadline.

## 23 Right to reject, disqualify, cancel, clarify or vary the Tender process

- 23.1 GAD reserves the right to reject or disqualify a Tenderer where:
- the Tenderer fails to comply fully with the requirements of this Invitation to Tender or is guilty of a serious misrepresentation in supplying any information required in this document; or expression of interest; or PQQ; and/or
  - there is a change in identity, control, financial standing or other factor impacting on the selection and/or evaluation process affecting the Tenderer.
- 23.2 GAD reserves the right to:
- amend the terms and conditions of the Invitation to Tender process,
  - cancel the evaluation process at any stage; and/or
  - require the Tenderer to clarify its Tender in writing and/or provide additional information. (Failure to respond adequately may result in the Tenderer not being selected)
  - revisit information contained in a Tender at any time to take account of subsequent changes to a Tenderer's circumstances; or
  - at any point during the procurement require a Tenderer to certify there has been no material change to information submitted in its Tender and in the absence of such certificate, reject the Tender.

## 24 References

- 24.1 At any stage GAD may contact customer references of the Tenderer and may seek written references from any other designated customers which are not contacted.

## 25 Introduction to the Tender Process

- 25.1 The Tender process will be conducted to ensure that tenders are evaluated fairly to ascertain the most economically advantageous tender (MEAT) or alternative methodology will be detailed in the Specification Document.

## 26 Process including Tender Evaluation

- 26.1 The evaluation of Tenders will, as applicable, proceed through the following phases of evaluation:

<b>Phase 1</b>
Receipt and Opening: - ITT Responses will be formally logged. Any ITT Response that is received after the deadline may be rejected and not considered for evaluation. Tenders received before that deadline will remain unopened until the deadline or such time thereafter when all Tenders are opened together.
<b>Phase 2</b>
Technical and commercial evaluation by panel members who will undertake independent evaluation
<b>Phase 3</b>
Moderation and merging of technical and commercial evaluation scores/rankings to produce preliminary ranking.
<b>Phase 4</b>
Bidder Presentations/Clarification Phase (if required).
<b>Phase 5</b>
Taking up of written customer references (if required)
<b>Phase 6</b>
Final moderation by the Tender Evaluation Panel (if required)
<b>Phase 7</b>
Evaluation Report and Approval of Recommendation
<b>Phase 8</b>
<b>Subject to a 10 day standstill period (if appropriate), Contract Award</b>

**Note:** In accordance with Phase 3 of the Process above, it is noted that GAD will adopt a Total Quality Management scoring methodology similar to those illustrated below. The actual criteria will be confirmed in the Specification Document.

**Technical criteria will be evaluated as follows:**

<b>SCORE</b>	<b>DESCRIPTION FOR SCORE OF EACH CRITERIA</b>
<b>100</b>	Tender fully meets or exceeds the criteria set
<b>80</b>	Tender would require minor modification but almost fully meets the criteria with only a few gaps in the evidence remaining
<b>60</b>	Tender would require some modification but addresses most of the criteria, but may not be detailed enough and/or has several gaps remaining

<b>30</b>	Tender would require significant modification due to significant gaps
<b>0</b>	Tender does not meet the specification or policy

**Commercial criteria will be evaluated as follows:**

<b>SCORE</b>	<b>DESCRIPTION FOR SCORE OF THE COMMERCIAL ENVELOPE</b>
<b>100</b>	There is full justification for the costs and the overall resources are appropriate. The tender is the best value for money for the work proposed to meet the specific evidence requirement advertised
<b>80</b>	There is some justification for the costs and the overall resources requested. The tender is reasonable value for money for the work proposed to meet the specific evidence requirement advertised.
<b>60</b>	Limited rational is given for the resources requested and/or the tender does not offer very good value for money, but is not poor value
<b>30</b>	The tender is relatively poor value for money with little/no justification for costs or resources requested.
<b>0</b>	The tender costs are not considered value for money and the applicant provided no rationale for costs or resources requested

- 26.2 In addition, weightings will be as given within the tender, reflecting the importance attached to the evaluation questions.
- 26.3 External advisors may be requested to provide advice on complex issues in regard to Tenderer's responses. Such advice will be considered, prior to scoring, by GAD's evaluation panel.

## 27 Notice of Award

- 27.1 GAD will inform all Tenderers of its intention to award a Contract (or not if all tenders did not meet our requirements), following a minimum standstill period of 10 calendar days (if appropriate) from receipt of the notice, subject to there being no substantive challenge to that intention; a Contract will be formally awarded to the successful Tenderer. GAD (where appropriate) will publish an Award Notice on Contracts Finder in accordance with the Public Contracts Regulations 2015 within 30 days of the award of the contract.

## 28 Debriefing

- 28.1 Following the conclusion of the tender process unsuccessful Tenderers will be notified in writing which will detail:-
- The criteria and weightings for the award of the contract
  - The reasons for the decision including the characteristics and advantages of the successful tender
  - The score obtained by the successful tenderer
  - The reason why the unsuccessful tenderer did not meet the technical specification
  - The name of tenderer to be awarded the contract
  - Date the standstill period is expected to end



## 29 Canvassing

- 29.1 In entering this tender process you confirm that you have not canvassed any member, officer, employee, or agent of GAD or Other Contracting Body in connection with this ITT for the services and that no person employed by you or acting on your behalf has done any such act. Any Tenderer not complying with this, will have its Tender rejected and be excluded from this Tender.
- 29.2 You further undertake that you will not, prior to the conclusion of the tender selection process, canvass or solicit any member, employee, agent or provider of GAD or Other Contracting Body in connection with this ITT for the services or any proposed Contract or Purchase Order services and that no person employed by you or acting on your behalf will do any such act.

## 30 Confirmation of Tender Submission

- 30.1 In entering the tender process you confirm that any statement made in your Tender submission remains true and accurate in all material aspects.

## 31 Draft Contract

- 31.1 In the event that GAD wishes to enter into a Contract with any Tenderer, the Contract will largely be drawn from:
- the “Short form terms and conditions” outlined on the gov.uk website or in such amended form as may subsequently be agreed:
- <https://www.gov.uk/government/publications/short-form-terms-and-conditions>
- any successful Tenderers response to the Specification Document, Tender Application, Commercial Template and any other supporting documents.
- 31.2 In drafting their responses to the Specification Document and Technical Requirements, Tenderers must be mindful of this, and should ensure that their Responses are drafted in clear and concise terms which will provide a basis for translation into firm contractual commitments.

## 32 Purchase Orders – No PO/No Pay

- 32.1 Unless and until directed otherwise, nothing in this ITT or resultant Contract, shall be construed as giving a guarantee of any remunerative work whatsoever unless or until such work is requested and confirmed by means of a duly authorised Purchase Order.



## Schedule 2: Specification

# A. Specification

<b>Specification reference</b>
FIN-EconomicScenarios-2023
<b>Specification Title</b>
Government Actuary's Department – Economic Scenarios
<b>Contract Duration</b>
Up to 12 months

This specification, which forms part of the Invitation to Tender (ITT), comprises of three individual sections:

- A. Specification** – An outline of the requirement
- B. Procurement timetable** – An estimated timetable for the procurement of the proposed requirement
- C. Evaluation criteria** – The evaluation criteria and weightings used by appraisers when assessing and scoring tenders

Subsequently, Schedule 3 provides guidance to applicants on the information that should be included within tenders.

Tenders for must be submitted via email to [procurement@gad.gov.uk](mailto:procurement@gad.gov.uk). Failure to do so may result in the tender response not being processed or the response being automatically disqualified during the evaluation stage of the tender process.

## General introduction

The Government Actuary's Department ('GAD') is a non-ministerial Government department with a mission to improve the stewardship of public sector finances by supporting effective decision-making and robust financial reporting through actuarial analysis, modelling and advice. We provide actuarial solutions including financial risk analysis, modelling and advice to support the UK public sector. We apply the actuarial profession's technical skills, consultancy discipline, high standards of professionalism and industry sector knowledge to solve financial challenges faced by the UK public sector.

GAD is currently advising a client who requires analysis of future asset and liability outcomes. To support our advice in this area, GAD are looking to tender for a contract for the provision of a stochastic real-world economic scenario set ("scenario set" or "economic scenario file"). The economic scenario file should contain stochastic forecasts of economic scenarios covering investment returns for a range of asset classes, as well as inflation measures, for a retail investor in the UK.

GAD already receives quarterly scenario sets from our regular projection provider and this contract is a one-off exercise to supplement those projections, to help us test the sensitivity of our analysis to the selected scenarios. While the focus of this work is to satisfy the requirements of a single

client, we reserve the right to use any scenario sets provided to us as part of this contract in work for other clients where we deem it to be applicable.

We require an initial scenario set calibrated with an effective date as at or before 31 December 2023 and delivered as soon as possible after the tender is awarded. This calibration should be based on standard assumptions that reflect the provider's own views.

Based on this scenario set and subsequent engagement between the supplier, GAD and the client, additional scenarios set may be required. Depending on the views of the client, the potential outcomes include:

- No additional scenario sets are required.
- One or more additional scenario sets, which reflect the provider's own views, are required.
- One or more additional scenario sets, adjusted in consultation with GAD and the client, are required.

These additional scenario sets will be calibrated with an effective date as at or after 31 December 2023. These additional scenario sets will be covered under this contract (ie separate procurement exercises will not be conducted). Based on our current timelines, GAD expect we will only require one additional scenario set, if any additional scenario sets are required.

Please highlight in your costings the impact of these different options.

We also require that the scenarios:

- Are based on sound economic principles and methods.
- Are calibrated to reflect the market and economic conditions at the effective date to ensure consistency with the date at which they are used.
- Are calibrated to reflect the provider's own view on the long-term outcome for key economic variables in the scenario set, with any changes as required based on consultation with GAD and our client.

GAD recognises that it may also be possible to procure access to an "economic scenario model" to provide the capability for GAD to produce the scenarios files described above ourselves. Due to current levels of capacity and capability, our preference is for the scenario sets to be provided to us based on calibration targets, adjustments and stresses that are discussed and agreed with the supplier. It is therefore essential that tenderers have the capability to deliver scenarios to us directly.

The outcome of this analysis will be published publicly, alongside some detail of the underlying asset and liability assumptions. This published information could include details of the asset return and inflation assumptions.

## Approach

The specification is split into a number of areas:

- Quality criteria

- Service provision
- Technical specification
- Commercial criteria

Each of the specifications is outlined further below.

## Quality criteria

GAD requires the service provider to be an expert in the required areas and be able to demonstrate prior experience at providing similar service for similar clients in the past. Tenderer's will thus be assessed based on the following quality criteria:

- **Organisational experience, expertise and staff** – the supplier should have an experienced and well-resourced team covering a wide variety of areas such as research & development, assumptions setting, model calibration, model build, IT systems and consulting. The supplier should have experience of producing real world calibrations covering all major asset classes, and/or bespoke calibrations for client-specific needs.

To support our assessment, tenderers are asked to provide details on:

- The background of their organisation in relation to the required areas
- Previous relevant assignments
- **Documentation and transparency** – GAD requires the underlying assumptions and methodology to be well documented to ensure that the approach is transparent and can be easily understood and communicated to our client when we use the scenario set. The documentation should cover all aspects of the existing modelling and calibration capability - Methodology, Assumptions, Process, any IT Requirements, Data, Validation & Back testing.

The documentation should set out and justify the period of any historic data series used, the weighting given to different data, any seasonal or other adjustments made to data and how any discontinuities in data or regime changes are dealt with.

- **Robustness and quality management** – GAD requires the scenario set provided to be of high quality, robust and free from errors:
  - All data used for setting assumptions and calibrations should come from a reputable, named source.
  - All data should go through a robust cleaning process. Documentation should be available setting out how data is checked, when data is excluded, corrected or adjusted and any tolerance levels for data errors etc.
  - The supplier should ensure that there is an appropriate quality assurance cycle for assumption reviews, such that it maintains the integrity of the modelling approach.
  - The modelling approach should be credible, based on well understood and theoretically sound methodologies.

- The modelling approach should be validated, ensuring predictions are as credible and accurate as possible.
- Tenderers are expected to outline the processes they use to ensure that the scenarios are accurate and free from error.
- **Risk management** – GAD requires the provider to have robust risk management in place to ensure continuity of service and quality. This includes but is not limited to:
  - Business continuity plans
  - Details of model suitability and validation
- **Ethics, data protection, dissemination and sustainability** – as a public sector organisation, GAD can only contract with companies with the highest ethical standards.

## Service provision

As part of the contract, GAD requires an initial scenario set to be delivered immediately based on standard assumptions potentially followed by additional bespoke calibrations based on discussions with GAD and our client. In particular we require a scenario set to be delivered:

- calibrated to market conditions;
- by an agreed timetable;
- including an agreed number of stochastic scenarios;
- including projections over an agreed projection period and timestep;
- in an agreed format;
- to an agreed technical calibration specification (see below under “Technical specification”);
- including an agreed range of variables and economies (see below under “Technical specification”).

GAD requires the provider to provide support as necessary throughout the lifetime of the contract. This includes but is not limited to:

- Initial technical support, on-boarding and upskilling
- Support to on-board the client
- Access to any seminars or online knowledge resources
- Available to answer modelling methodology queries on approach
- Technical support and incident resolution within agreed SLAs
- Telephone support (weekdays 8am to 5pm)
- Other ongoing help and support as required.

Depending on the needs of the client, GAD may also require engagement from the provider to develop a bespoke version of the scenario set. This would involve engagement with GAD and the client to understand the potential for and impacts of adjustments to the model methodology and assumptions.

The table below shows the essential and desirable criteria:

Criteria	Essential criteria	Desirable criteria
<b>Calibration date</b>	Initial standard calibration as at or before 31 December 2023 (likely as at 30 September 2023) Potential for a standard or bespoke calibration as at or after 31 December 2023 (likely as at 31 March 2024)	
<b>Initial scenario set delivery date</b>	Within one calendar month of contract finalisation	Within two weeks of contract finalisation
<b>Additional scenario set delivery date</b>	Within one calendar month of the effective date	Within two weeks of the effective date
<b>Format</b>	.csv, .txt or another flat format as agreed	Excel template supplied
<b>Summary reports</b>	Provision of, or ability to generate, good quality output reports allowing for easy validation of outputs and inputs. This should include summaries of the projection's variables and fit to calibration targets (e.g. min/max/mean/median/percentiles/correlations)	
<b>Onboarding, management information and governance</b>	<ul style="list-style-type: none"> <li>• Clear plan for onboarding</li> <li>• Regular update meetings</li> <li>• Able to provide materials and present to GAD and client (if needed) on the underlying assumptions and methodology</li> </ul>	
<b>Bespoke calibration</b>	<ul style="list-style-type: none"> <li>• Clear plan for development of bespoke calibration</li> <li>• Able to provide materials and meet to discuss with GAD and client (if needed)</li> </ul>	

## Technical specification

As outlined in the service provision specification, the scenarios set should be delivered according to an agreed technical specification. GAD requires a “real world” calibration set – whereby the scenarios are intended to model observed distributions for asset returns, interest rates, inflation rates and other variables described below.

For the initial calibration, GAD will rely on the expertise and knowledge of the service provider in the calibration of the scenario set and setting the underlying parameters and assumptions. As such, our preference is to take the provider's “default” or “off-the-shelf” calibration. However, for subsequent calibrations, where these are not in line with our views or those of the client, we would like the option to vary these.

The table below provides further detail on the technical specification for the standard calibration.

Criteria	Essential criteria	Desirable criteria
<b>Calibration approach</b>	<ul style="list-style-type: none"> <li>Real world calibration</li> <li>Short- and long-term targets combined into a single calibration</li> <li>Credible underlying economic model</li> </ul>	
<b>Initial conditions and calibration targets</b>	<ul style="list-style-type: none"> <li>Calibrated to initial market conditions (such that the starting point of the projections is consistent with current market conditions and expectations)</li> </ul>	
<b>Long-term calibration targets</b>	<ul style="list-style-type: none"> <li>Default / house view targets based on recognised, well-justified and researched approach</li> <li>Appropriate selection of statistical targets</li> <li>House view calibration reviewed and updated regularly</li> <li>Ability to vary the long-term targets for the different variables/asset classes</li> </ul>	
<b>Simulation approach</b>	<ul style="list-style-type: none"> <li>Models used for each variable are based on recognised and reasonable approach with strong economic rationale</li> <li>Choice of random number generation is documented and justified</li> </ul>	<ul style="list-style-type: none"> <li>Ability to vary other simulation parameters – e.g. speed of reversion to long term target</li> <li>Clear approach to reflecting risks from climate change</li> </ul>
<b>Maximum number of simulations</b>	<ul style="list-style-type: none"> <li>At least 1,000 simulations</li> </ul>	10,000 simulations
<b>Projection timestep</b>	<ul style="list-style-type: none"> <li>Annual/yearly frequency (e.g. returns over 1 year or annual changes in indices)</li> </ul>	
<b>Maximum projection period</b>	<ul style="list-style-type: none"> <li>At least a 50 year time horizon</li> </ul>	Up to 75 years
<b>Economies included in projections / currency of projections</b>	<ul style="list-style-type: none"> <li>UK economy calibration</li> <li>Projections in £ GBP</li> <li>Inclusion of broad worldwide indices</li> </ul>	
<b>Total return projections for fixed income assets</b>	<ul style="list-style-type: none"> <li>Detailed output including price and yield (or alternative as adapted to tenderer's modelling approach)</li> <li>Coverage for: <ul style="list-style-type: none"> <li>Nominal UK government bonds (&lt;5 year, 5 to 15 year, &gt;15 years)</li> <li>Index linked UK government bonds (&lt;5 year, 5 to 15 year, &gt;15 years)</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Global government bonds (eg US, EUR etc)</li> <li>Granularity of global corporate bonds (eg US, EUR etc)</li> </ul>

	<ul style="list-style-type: none"> <li>Investment grade corporate bonds (&lt;5 year, 5 to 15 year, &gt;15 years), UK and global, hedged and unhedged</li> <li>Sub-investment grade corporate bonds (i.e. high yield), UK and global, hedged and unhedged</li> </ul>	
<b>Total return projections for other assets</b>	<ul style="list-style-type: none"> <li>At a minimum, projections are required for: <ul style="list-style-type: none"> <li>UK equity index</li> <li>Global equity index, hedged and unhedged, developed and emerging</li> <li>UK commercial property</li> </ul> </li> <li>An ability to simulate returns on alternative investments, hedged and unhedged including: commodities, hedge funds, infrastructure and private equity</li> </ul>	<ul style="list-style-type: none"> <li>Wider range of equity indices (eg FTSE 100, FTSE 250, etc)</li> <li>Wider range of alternative investments, (eg private debt)</li> </ul>
<b>Inflation, interest rates, yields and currency</b>	<ul style="list-style-type: none"> <li>Prices inflation, including CPI</li> <li>Wages inflation</li> </ul>	<ul style="list-style-type: none"> <li>Government yield curve</li> <li>Government real yield curve</li> <li>Credit spread</li> <li>Ability to model separate scenarios for RPI, CPI, CPI H and earnings indices (eg AWE, ASHE or ASHE 6115)</li> <li>Models allow for the possibility of negative interest rates</li> <li>Modelling of inflation (prices and wages) indices by sector, sub-index or region</li> </ul>
<b>Adjustments for investment costs</b>		<ul style="list-style-type: none"> <li>Impact of taxation on returns</li> <li>Impact of investment costs on returns, commensurate with expected returns. Including platform/transaction costs, management charges and financial advice fees</li> </ul>
<b>Correlation</b>	<ul style="list-style-type: none"> <li>Robust, well-justified and researched methodology for modelling cross-asset correlation and dependency</li> </ul>	



## Commercial criteria

Our objective is to enable both parties to have a clear understanding of how prices are calculated over the life of the contract and form a practical basis for an efficient commercial relationship.

Tenderers are asked to provide costs in accordance with the attached template.

You should include your day rates in your commercial response or as a separate document. Your day rates will form part of the Contract. Please ensure you cover all the roles in your organisation required to deliver your proposal if successful.

## B. Procurement timetable

Table 1 details an estimated project timetable for the project.

TABLE 1. ESTIMATED PROJECT TIMETABLE	
EXPECTED DATE	INVITATION TO (ITT) TENDER
Friday 17 November 2023	Invitation to Tender (ITT) issued
	ITT Clarification period opens*
Friday 1 December 2023	ITT Clarification period closes**
Friday 15 December 2023	Closing date for submission of ITT responses***
Up to Friday 5 January 2024	Evaluation of ITT responses
Up to Friday 5 January 2024	Tenderers contacted with points raised by appraisers for clarification on their tender, with 2 weeks to respond
Friday 19 January 2024	Appraisal panel meeting held to consider clarified ITT responses
Friday 2 February 2024	Tenderers notified of outcome of appraisal and preferred Tenderer identified

\* If a Tenderer wishes to raise any points of clarification over the procurement process, the actual project objectives or any other query these must be raised by the date specified.

\*\* Queries will not be answered after this date.

\*\*\* Submissions must be submitted before the closing date and time.

### Further Information

For any points of clarification regarding this specification or the procurement procedures please submit queries to [procurement@gad.gov.uk](mailto:procurement@gad.gov.uk).

### Closing Date

Tenders should be submitted **by 15 December**. Tenders received on or after 16 December will not be considered or evaluated.

## **Notification of Submission of Tender**

On receiving your tender you should receive an automatic email.

## C. Evaluation of tenders

The Tenderers Application consists of the:

- Technical envelope (75% of overall value), in which applicants should detail the approach, the work plan and their ability to undertake the work, and
- Commercial envelope (25% of overall value), in which applicants should outline all costs to conduct the proposed work, and
- Any other relevant supporting information

Tenders will be evaluated by GAD internal appraisers using a numerical system. The table below shows the weightings that have been allocated to each section of the application form and these will be used by the appraisers:

TABLE 2. EVALUATION OF SUCCESSFUL TENDERER	
CRITERIA	PERCENTAGE WEIGHTINGS
TECHNICAL ENVELOPE (75% overall value)	75% which is split between:
1. Quality criteria	25%
2. Service provision	15%
3. Technical specification	35%
COMMERCIAL ENVELOPE (25% overall value)	25%

The contract will be awarded to the highest scoring tender. Any additional contracts awarded, relating to this tender process, will be awarded to the next highest scoring tender. Where there are multiple contracts awarded, each successful tenderer will independently provide the services to GAD set out in this document.

### The Technical Envelope

The Technical envelope is split in to three sections for evaluation. Guidance on how to complete each section is provided within the actual application form.

A numerical appraisal scoring system will be used to assess the information given in the Technical envelope of the tender. Appraisers will allocate a score of 0, 30, 60, 80 or 100 to each part of the Technical envelope, depending on the quality and relevance of evidence provided. The scores will then be subjected to the weightings given in Table 2.

All technical criteria will be evaluated as follows:

SCORE	DESCRIPTION FOR SCORE OF EACH CRITERIA
100	Tender fully meets or exceeds the criteria set
80	Tender would require minor modification but almost fully meets the criteria with only a few gaps in the evidence remaining
60	Tender would require some modification but addresses most of the criteria, but may not be detailed enough and/or has several gaps remaining
30	Tender would require significant modification due to significant gaps
0	Tender does not meet the specification or policy

The applicant will be automatically eliminated from the process if:

- the applicant does not reach a minimum score of 30 in the technical envelope
- the applicant does not reach any of the essential criteria they will be automatically eliminated from the process.

## The Commercial Envelope

A numerical appraisal scoring system will be used to assess the information given in the commercial envelope of the tender. Appraisers will allocate a score of 0, 30, 60, 80 or 100, depending on the quality and relevance of evidence provided. The scores will then be subjected to the weighting given in Table 2.

### Requirement for the commercial envelope

Please complete the Commercial template provided. Costs should be quoted excluding VAT for the purpose of comparison of tenders.

### Evaluation of the commercial envelope

The commercial envelope will be evaluated as follows:

<b>SCORE</b>	<b>DESCRIPTION FOR SCORE OF THE COMMERCIAL ENVELOPE</b>
<b>100</b>	There is full justification for the costs and the overall resources are appropriate. The tender is the best value for money for the work proposed to meet the specific evidence requirement advertised
<b>80</b>	There is some justification for the costs and the overall resources requested. The tender is reasonable value for money for the work proposed to meet the specific evidence requirement advertised.
<b>60</b>	Limited rational is given for the resources requested and/or the tender does not offer very good value for money, but is not poor value
<b>30</b>	The tender is relatively poor value for money with little/no justification for costs or resources requested.
<b>0</b>	The tender costs are not considered value for money and the applicant provided no rationale for costs or resources requested

# Schedule 3: Response Template

## Quality criteria

Criteria	Response
<b>Tenderer's Organisation</b>	<i>Briefly describe the background and organisation of your consulting firm/organisation. (max 1,000 words)</i>
<b>Tenderer's Experience</b>	<i>Please provide information on at least 3 previous assignments similar to this solicitation for which your consulting firm/organisation were engaged. In doing so, please provide details of:</i> <ul style="list-style-type: none"> <li><i>• The name of the client</i></li> <li><i>• Contact person</i></li> <li><i>• Start and completion date</i></li> <li><i>• Description of the contract and services provided</i></li> </ul>
<b>Documentation and transparency</b>	<i>Please provide information on how you document your modelling approach and what is available/shared with clients. (max 500 words)</i>
<b>Risk management</b>	<i>Please provide your policies and approach to risk management. (max 500 words)</i>
<b>Robustness and quality management</b>	<i>Please provide your policies and approach to ensure robustness and quality management. (max 500 words)</i>
<b>Ethics, data protection, dissemination and sustainability</b>	<i>Please provide your relevant policies and approach in these areas, eg statements of Corporate Social Responsibility, Whistleblowing policy, governance arrangements (max 500 words)</i>

## Service provision

Criteria	Response
<b>Calibration date</b>	<i>Please confirm your ability to provide calibrations on the required as at dates</i>
<b>Initial scenario set delivery date</b>	<i>Please set out timescales for the delivery of the initial scenario set after contract finalisation</i>
<b>Additional scenario set delivery date</b>	<i>Please set out timescales for the delivery of any additional scenario sets after the effective date, assuming any work to develop a bespoke approach has already been completed</i>
<b>Format</b>	<i>Please confirm your ability to provide either a flat file or work within an excel template supplied.</i>
<b>Summary reports</b>	<i>Please briefly describe the summary reports that will be provided as part of your service. (max 500 words)</i>
<b>Onboarding, management information and governance</b>	<i>Please briefly describe your plan for onboarding and the materials that will be provided as part of your service. (max 500 words)</i>
<b>Bespoke calibration</b>	<i>Please briefly describe your plan for developing a bespoke calibration and the support that will be provided as part of your service. (max 500 words)</i>

## Technical specification

Criteria	Response
<b>Calibration approach</b>	<i>Please describe your approach to real world calibration, economic projections, and combining short and long term targets. This should include consideration of the changing interest rate and inflationary environment. (max 1,000 words)</i>
<b>Initial conditions and calibration targets</b>	<i>Please describe your approach to calibrating the model's initial conditions and projections in the near term, including economic projections. This should include consideration of the changing interest rate and inflationary environment. (max 1,000 words)</i>
<b>Long-term calibration targets</b>	<i>Please describe your approach to calibrating the model's long-term target and the functionality to alter these for different asset classes, including economic projections. This should include consideration of the changing interest rate and inflationary environment. (max 1,000 words)</i>
<b>Simulation approach</b>	<i>Please describe your approach to simulating each of the main asset classes, providing an overview of the modelling approach, simulation method etc, including economic projections. This should include information on the modelling of variation around central assumptions. (max 2,000 words)</i>
<b>Maximum number of simulations</b>	<i>Please outline the number of simulations you can provide, distinguishing between those included as standard and those which can be added.</i>
<b>Projection timestep</b>	<i>Please confirm your ability to provide annual projections.</i>
<b>Maximum projection period</b>	<i>Please outline the maximum projection period you can provide, distinguishing between those included as standard and those which can be added.</i>
<b>Economies included in projections / currency of projections</b>	<i>Please outline the economies and currencies included in your projections, distinguishing between those included as standard and those which can be added.</i>
<b>Total return variables for fixed income assets</b>	<i>Please outline the economic variables that can be modelled, distinguishing between those included as standard and those which can be added.</i>
<b>Total return variables for other assets</b>	<i>Please outline the economic variables that can be modelled, distinguishing between those included as standard and those which can be added.</i>
<b>Inflation, interest rates, yields and currency</b>	<i>Please outline the economic variables that can be modelled, distinguishing between those included as standard and those which can be added.</i>



<b>Adjustments for investment costs</b>	<i>Please outline adjustments that can be modelled, distinguishing between those included as standard and those which can be added.</i>
<b>Correlation</b>	<i>Please outline approach, including the assumptions included as standard.</i>

## Commercial criteria

Tenderers are asked to provide costs in accordance with the attached template.

When completing this template:

- Please provide details for all costs incurred in the provision of the service described in the tender
- Please provide a description of each cost item.
- Please identify which costs arise due to the requirement for additional scenario sets based on your house view, and those that arise due to the requirement for additional scenario sets that are bespoke.
- Please clarify whether the cost is fixed or time-cost (if time cost, please provide a breakdown of expected days and rates split by grade).
- Please insert extra lines as required, and duplicate the tab if you wish to demonstrate different scenarios more clearly.
- Please insert the amount to be invoiced net of any VAT for each cost item.
- Please insert the applicable rate of VAT for each cost item.