

**INVITATION TO TENDER**

**&**

**STATEMENT OF REQUIREMENT**

**ORR’s Reviews of Charges and Incentives in PR23**

**CPV Code:73200000**

**Supplementary Code: 72221000**

**Tender Reference: ORR/CT/20-43**

**Purpose of document**

The purpose of this document is to invite proposals for consultancy support for the Office of Rail and Road (ORR) in respect of its Review of Train Performance Incentives.

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 now also hold Highways England 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 300 personnel and operates from 6 locations nationwide. The majority of personnel are located at ORR’s headquarters, 25 Cabot Square, London.

Our strategic objectives

**1. Drive for 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. Support a better service for customers:**
Use our powers to hold the industry to account for performance and standards of service across the railway network, for passengers and freight. Promote on-going improvement in the experience of passengers by encouraging the industry to work together, including to provide greater transparency of information.

**3. Secure value for money from the railway, for users and funders:**
Strengthen incentives for the whole industry, including through competition and contestability in the supply chain, to drive greater efficiency from the use and maintenance of existing railway capacity and more cost-effective investment in the network.

**4. Secure improved performance and value for money from the strategic road network:**
Secure improved performance, including efficiency, safety and sustainability, from the strategic road network, for the benefit of road users and the public, through proportionate, risk-based monitoring, increased transparency, enforcement and robust advice on future performance requirements.

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.

For further information on ORR please visit our website: [www.orr.gov.uk](http://www.orr.gov.uk)

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**

|  |
| --- |
| **2.1 Background to the project** |
| The ORR is the economic regulator for Britain’s railway infrastructure. We regulate Network Rail and other railway networks, including the Channel Tunnel and High Speed 1. We regulate Network Rail by conducting five-yearly reviews (“Periodic Reviews”) through which its funding is set along with what it must achieve within each control period. As part of the periodic review, we also decide any changes to the framework for the charges that train operators pay Network Rail to use its network[[1]](#footnote-1); the performance regime for unplanned disruption (known as Schedule 8); and the possessions regime for planned disruption (known as Schedule 4). Our regulation is designed to provide effective incentives for Network Rail and train operators to make efficient use of the network, and to improve performance for taxpayers and end users.We completed our most recent Periodic Review (PR18) in late 2018. That review determined the framework for Network Rail’s access charges and the performance and possessions regimes, for the current control period (control period 6, or CP6, which runs from 1 April 2019 to 31 March 2024). However, the industry is now very different from when ORR concluded this work. In particular, as a result of the large drop in passenger numbers and revenues from March 2020 due to Covid-19, franchising authorities have replaced most franchise agreements with ‘concession’-style contracts[[2]](#footnote-2). Meanwhile, wider government rail reform is on-going and is likely to promote greater alignment of incentives and co-ordination between ‘track and train’.These changes raise a number of issues that we need to consider when thinking about the future of the regimes for charges and incentives. We will need to make decisions on these regimes ahead of the start of the next control period (CP7), as part of the next Periodic Review of Network Rail (‘PR23’). We also need to align our work with the pace of change in industry, in particular the development of the longer-term replacement for the current ERMA contracts put in place by DfT.In order to support our work in these areas, we require consultancy support in respect of two specific workstreams: (i) the performance and possessions regimes; and (ii) access charges. These two workstreams are being led by ORR’s Economics, Markets & Strategy directorate, which is the organisation’s centre of expertise for economic and financial analysis of the railways. The work also has input from ORR’s Railway Planning and Performance directorate, which monitors and holds Network Rail to account for its performance.Some further background about each workstream is set out below.**ORR’s Review of the performance and possessions regimes***Performance regime (‘Schedule 8’)*The performance regime, contained within Schedule 8 of track access contracts, contains financial incentives to encourage Network Rail and operators to promote punctuality and reliability. The regime works on the basis of benchmarked levels of performance, with Network Rail and train operators paying penalties (or conversely receiving bonuses) if actual performance is above (or below) the benchmarked level of delay. The regime is designed to provide protection to train operators against unplanned disruption that is outside their own control. In so doing, it also provides financial incentives to Network Rail and to train operators to minimise the disruption they cause to (other) parties. The work on the performance regime is the next phase of ORR’s review of train performance incentives, which aims to optimise incentives to encourage a high performing railway. We started the review in January 2020 with a [launch letter to the industry](https://www.orr.gov.uk/media/10660/download). Since this time, the consultancy SYSTRA has carried out research on our behalf into what influences decisions that affect train performance, including consideration of Schedule 8. Now, in the months ahead we plan to start to develop options for reform of the performance regime and are seeking consultancy support for this work. We updated the industry regarding these plans in an [update letter](https://www.orr.gov.uk/sites/default/files/2020-10/ORR%20letter%20on%20train%20performance%20incentives%20-%20October%202020_Redacted.pdf) in late October, and also [published the SYSTRA reports](https://www.orr.gov.uk/monitoring-regulation/rail/networks/economic-research). The recent and ongoing industry changes raise a number of issues that we need to consider when thinking about the future performance regime: * A current objective of Schedule 8 is to compensate operators for revenue losses from disruption outside of their control. However, under ‘concession’-style agreements, revenue risk and exposure to Schedule 8 are likely to sit with franchising bodies rather than TOCs.
* At the same time, there will remain users of the network, for example freight and open access operators that are exposed to revenue risk. In addition, franchising bodies have differing financial models and may have a range of interests.
* ‘Concession’-style agreements change the nature of incentives for contracted TOCs. The system as a whole may need to adapt, to ensure all parties are appropriately incentivised to reduce disruption.
* There is on-going uncertainty about the future shape of the rail industry, both regarding user demand and structural reform, so it may seek the benefits of a flexible system.
* The performance regime and its incentives cannot be considered in isolation from other issues – for example how industry incentives can be aligned to drive more collaborative working, and how the incentives on performance interact with those on capacity and passenger experience.

With these issues in mind, we are now starting the ‘design’ phase of work that will culminate in a consultation in spring 2021 setting out options for the performance regime. ORR has already started the policy thinking in this area, starting to form high-level options, including through research into other European performance schemes. Working with ORR and industry stakeholders, we are requesting support from consultants to design these options for reform. A subsequent phase (as per the extension option) will develop the preferred option that results from consultation. Work will then commence to implement this option (this is not contained in this tender or the extension option). *Possessions regime (‘Schedule 4’) – Passenger* Schedule 4 compensates passenger train operators for lost revenue and additional operating costs due to service disruption when Network Rail takes engineering possessions to undertake maintenance and enhancement work. (Freight operators also receive cost compensation.) It also acts as an incentive on Network Rail to minimise disruption by planning possessions efficiently. A key question is whether passenger train operators continue to receive revenue loss compensation if operating rail passenger services contracts where revenue risks lies with industry funders. And if not, how to ensure industry incentives remain aligned, i.e. to ensure:* Network Rail continues to be incentivised to plan possessions efficiently;
* train companies are incentivised to help ensure Network Rail plans possessions efficiently but also work co-operatively with Network Rail in managing possessions, so as to minimise disruption to passengers; and
* Network Rail has sufficient information to assess the trade-off between the number/length of possessions needed to minimise engineering costs versus the cost of compensating passenger operators for revenue loss.

Other considerations of the impact of removing revenue loss compensation: * How would ending revenue loss payments impact on open access operators or should revenue loss payments continue for open access operators only?
* Should revenue loss payments continue but be paid back directly to railway funders?

Other issues for consideration: * Should cost compensation continue, for one or all market segments, and if so what changes might be necessary to reflect new industry structures
* What is the impact of potential changes to Schedule 8 on the Schedule 4 regime and what further changes would this necessitate.
* Should Schedule 4 remain as a liquidated damages regime?
* How should Schedule 4 payments be funded?

*Possessions regime (‘Schedule 4’) – Freight* A review of the freight operators’ Schedule 4 should address similar issues as those for the passenger regime, for example should freight operators continue to receive cost compensation. In particular it should ensure it maintains the incentive on Network Rail to minimise possession related service disruption to freight operators. It is also important this includes considering the impacts changes to the passenger regime might have on freight Schedule 4.Working with ORR and industry stakeholders, consultants are required to review the current possessions regime to help assess the available options for reform. **ORR’s Review of access charges**Access charges are paid by train operators for use of the rail network. Network Rail levies several different types of charge on train operators, which serve a range of purposes. For instance: * **Cost Recovery:** Charges are one of Network Rail’s principal sources of income, alongside the network grants that it receives from governments, and ensure Network Rail is appropriately funded to maintain and renew its network.
* **Transparency:** Charges can provide the industry with greater transparency over Network Rail’s costs and key cost drivers, by providing information about the causes of costs (e.g. in terms of different service characteristics).
* **Efficiency:** Charges (particularly variable usage charges) can incentivise Network Rail and operators to make more efficient use of the network, by ensuring that operators pay for the direct costs they impose on the network.

While charges have a role to play in meeting these objectives, certain industry features have in the past served to limit their effectiveness, particularly in respect of improving incentives and efficiency. In particular, franchise agreements have given franchised operators significant protections from changes in charges at each periodic review, which has limited their exposure to Network Rail’s costs (and, by extension, their responsiveness to charges, e.g. how incentivised they are to help Network Rail reduce its costs). The complexity of the charges regime has also been identified as a factor which can limit its incentive properties. Furthermore, the role of charges in promoting these and other objectives is likely to be affected by more recent changes within the rail industry. Most significantly, the ERMA contracts currently in place between DfT and some franchised passenger operators could affect the extent to which these operators are affected by, and respond to, access charges[[3]](#footnote-3). Further changes which may be brought about before the start of PR23, as part of the UK Government’s rail reform agenda, could have implications for other aspects of the charges regime. Against this backdrop, and as part of PR23, ORR is reviewing the structure of the charges framework in place between Network Rail and train operators. This first phase in this process – known as the ‘design phase’ – involves identifying the key issues with the existing structure of charges, and developing high-level policy options to address these issues. Options could involve, for example, re-designing individual charges (e.g. changing which operators pay the charge, or which costs Network Rail recovers through the charge); merging one or more charges; or scrapping some charges altogether. We are commencing this phase now. In developing high-level policy options, we need to take account of all the considerations above. It is particularly important that we are clear about the aims and objectives of the charges regime, and that we are realistic about what it can and cannot achieve within the industry structure that is likely in CP7.We are requesting consultancy support for this phase of the project. Working with ORR and industry stakeholders, the consultant would help to design policy options in advance of an initial consultation.As with the other workstream, a subsequent phase (as per the extension option) would develop the preferred option that results from consultation. Work will then commence to implement this option (this is not contained in this tender or the extension option).  |
| **2.2 Project Objectives & Scope** |
| For **the performance and possessions regimes**, the aim of the upcoming ‘design’ phase of ORR’s review is to design and evaluate options for reform of the performance regime. This work will culminate in a consultation in spring 2021. The consultant will: * Work with ORR to agree and write objectives for the performance regime;
* Lead or contribute to stakeholder engagement sessions which will feed into the option design process;
* Identify and summarise key policy issues, most notably the implications of industry reform for the performance regime;
* Design approximately three options that are intended to deliver the stated objectives of the performance regime;
* Evaluate how effectively each option would operate with the emerging industry structure and new TOC commercial models. This is likely to involve close communication with parties such as DfT, Transport Scotland, Network Rail and operators;
* Carry out an impact assessment for each option against set criteria. Each option to be robustly tested with assessment by stakeholder type (freight, open access operators, other infrastructure managers, different funders, etc.);
* Identify the implementation and transition approach for each option; and
* Scope the work required for the ‘develop’ phase that will follow.

The consultant will work as part of ORR’s project team, which will include a lead economist and other economist. This will help to ensure the activities are undertaken in a way which is consistent with our broader aims and objectives for PR23 as a whole.A subsequent ‘develop’ phase will follow after the spring 2021 consultation, as per the extension option set out below. For the **review of access charges**, as set out above, the aim of the design phase of this project is to identify key issues with the existing structure of charges; and start developing high-level options to address these issues. To support this, we expect the consultant would assist in the following activities: * Reviewing the existing structure of access charges and identifying areas where charges do not meet our aims and objectives for the charges framework.
* Leading or contributing to stakeholder meetings / workshops, to obtain further understanding about industry’s views on the effectiveness of the current CP6 charges regime.
* Assessing the implications for the charges regime of franchised operators’ ERMA arrangements and possible future industry reform.
* Developing an initial set of policy options for reform of the charges framework, prioritising the areas where reform could add most value at lowest cost.

As with the other workstream, the consultant would work on these activities as part of ORR’s project team, which will also include a lead economist and other economist (this is a different ORR team from the colleagues engaged in work on the performance and possessions regimes). We expect this work will feed into an initial consultation on high-level options for reform of the charges regime, which is planned for summer 2021. This means that this workstream has slightly longer timescales than the other workstream on performance and possessions regimes. Section 2.4 below sets out further details about the timetable for this workstream.As explained above, the focus of the design phase is on identifying a set of high-level options or ‘packages’ for reform. As such, this work will not involve thinking about the detailed design of specific options, or the calibration / implementation of specific charges. **Extension option**For both workstreams there is a likelihood of the consultants’ work being extended for a further phase beyond the initial consultations. Further details about this extension are set out in Section 2.4 below.**Contract Model**To enable the widest possible response and to ensure value for money we are adopting a contracting model that could see either two individual contracts placed (one for each workstream) or a single contract placed for both workstreams. Bidders may therefore apply for one or both workstreams as well as a combined offer. |
| **2.3 Project Outputs, Deliverables and Contract Management**  |
| For **train performance incentives** and **the possessions regime**, key outputs will be: * Collation and development of options, and assessment of options against criteria, documented in a detailed slide-pack. This should contain: relevant background; summary of objectives and assessment criteria; options description; evaluation of options against criteria. The slide-pack should be iterated with ORR and through engagement with stakeholders.
* Written summaries and impact assessments of each option for use in the planned consultation.
* Planning and delivery of around ten bilateral stakeholder meetings and around six stakeholder workshops to aid in options development, and producing notes of those meetings.

For the **review of access charges**, we expect the key outputs will be largely similar. We would work with the consultant to develop a sensible set of options for reform. As this phase of the project would be focused on identifying options at a relatively high level, we expect that it would cover around 3-5 options in total. Given that this workstream has longer timescales, the outputs would be developed and delivered over a longer timeframe (see Section 2.4 below for further details). The successful bidder will work jointly with ORR’s project teams to deliver the outputs. As such, we would expect to have regular interaction with the consultant, as required by the work.  |
| **2.4 Project Timescales** |
| For **train performance incentives and the possessions regime**, the provisional timetable for consultancy support is as follows:* Start-up meeting and commencement – w/s 14 December 2020.
* Internal governance milestone – late January 2021.
* Stakeholder meetings / workshops – January to February 2021
* Work towards ORR’s initial consultation on the train performance regime – planned for April 2021. (The consultation on the possessions regime may be separated out and follow at a later point in the summer.)

For the **review of access charges**, this work would proceed on a longer timescale than the other workstream. A provisional timetable is as follows: * Start-up meeting and commencement – w/s 14 December 2020.
* Initial set of high-level options for consideration – end January 2021
* Stakeholder meetings / workshops – February to March 2021.
* High-level options for consultation agreed – late April 2021.
* Work towards ORR’s initial consultation on access charges – planned for summer 2021.

**Extension option for ‘Develop’ phase:** For both workstreams there may be a requirement for support beyond this initial phase, to contribute to further work on options ahead of a second consultation planned for early 2022. As indicated above, this requirement includes an option for further work to develop the preferred options for both workstreams (the ‘Develop’ phase). ORR accepts that it is not possible for supplier to price this from the outset and has therefore included a mechanism within the draft form of agreement that sets out how these options would be formally incorporated into the contract. In summary, at the point the preferred options are known (which may be at different points in time for the different workstreams) ORR would require the successful supplier to set out its proposal for developing the preferred option. This proposal would include the supplier’s methodology, anticipated resource and proposed price using the agreed contract rates. This would then be assessed by ORR to assure itself of value for money and a successful outcome prior to raising a formal contract variation. The bidder is required to commit to supplying such a proposal(s), but ORR retains the right not proceed and/or to openly compete this next phase (or parts thereof) under a new tender exercise. |
| **2.5 Budget and Payment Schedule** |
| The maximum budget for this work is £100,000 (inc. of expenses, exc. of VAT). As an indication, we envisage this overall sum being broken down as follows, though there is some flexibility on this point: * £50,000 for the workstream covering access charges; and
* £50,000 for the workstream covering train performance incentives and the possessions regime

We request that you break down your bid into sums for the two workstreams. We may award both workstreams to a single consultant, or to different consultants. Bidders are welcome to bid for just a single workstream.ORR would prefer to pay upon successful completion of each workstream; however, if bidders wish to supply a milestone payment schedule then this would be considered. Any proposed milestones must be linked to a tangible deliverable. Payments should also not be front loaded and should reflect the value of the deliverable. |
| **2.6 Further project related information for bidders** |
| **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, the consultant may be required to sign additional confidentiality agreements as required by external stakeholders. Conflict of InterestAt 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**

|  |
| --- |
| **3.1 The Tender Response** |
| Each workstream shall be evaluated individually and therefore if bidding for both workstreams bidders should supply the following proposals/information for each workstream or clearly indicate that the supplied information applies to both workstreams.The proposals for this project should include an outline of how bidders will meet the requirement outlined in section (ii) “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.
* Provide an explanation of the proposed approach to the work;
* An understanding of the risks, and explain how they would be mitigated to ensure delivery

**b) Proposed delivery team*** Key personnel including details of how their key skills, experience and qualifications align to the delivery of the project;
* An indication of any additional resource that the supplier can access for the Develop phase, if different to the Design phase;
* Some relevant examples of previous work that bidders have carried out, including where bidders have worked closely with the client as part of the project team;
* Confirmation that you have carried out the necessary employment checks (e.g. right to work in the UK).

**c) Pricing**A fixed fee for the Design phase, 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.

Day rates (inclusive of all expenses) for the optional Develop phase.**d) 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. For each workstream the contract will be awarded to the Bidder(s) submitting the **‘most economically advantageous tender’** (MEAT) or a combined offer as set out below. Tenders will be evaluated according to weighted criteria as follows: **Methodology and Delivery (20%)**The proposal should set out how the project requirement will be delivered. In particular it should: a) Explain how the 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 risks and how they will be mitigated to ensure project delivery; c) Explain how you will work with ORR to ensure the project’s requirements are met. **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 and the individuals’ relevant experience for this project, submitting examples of similar projects and making clear the extent of industry expertise.**Cost / Value for money (40%)****Design Phase (30%):**A **fixed fee** for delivery of the ‘Design’ phase 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. |

**Develop Phase (10%):**For the ‘Develop’ phase, using the grades above please supply a fixed day rate for each of the grades (inclusive of all expense, exc. VAT)**Combined Offer**Where bidders are submitting a proposal in both workstreams they may additionally offer a combined bid, indicating where the combined offer differs from the individual workstream offers (e.g. reduced resource, reduced price etc.).The combined offers will be scored as per the above and then compared to the top two scoring individual offers to determine the MEAT. **Marking Scheme**

|  |  |
| --- | --- |
| 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 |

For the Cost/Value for Money evaluation the following shall apply:**Design phase**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 FeeYour score will then be multiplied by the weighting we have applied to this aspect of the price evaluation to provide a weighted score for the fee.**Develop phase**A dummy scenario using a set number of days per grade will be applied to the day rates supplied by the bidder. This will produce a ‘fee’ which shall then have the above price calculation applied using the weighting for this aspect of the price evaluation. The dummy scenario shall be:

|  |  |
| --- | --- |
| **Grade** | **Days** |
| Junior consultant | 2 |
| Consultant | 10 |
| Senior Consultant | 10 |
| Principal Consultant | 10 |
| Managing Consultant | 5 |
| Director / Partner | 2 |

 |

**4. Procurement procedures**

Tendering Timetable

The timescales for the procurement process are as follows:

|  |  |
| --- | --- |
| **Element** | **Timescale** |
| Invitation to tender issued | 09 November 2020 |
| Deadline for the submission of clarification questions | 23 November 2020, 17.00hrs |
| Deadline for submission of proposals | 30 November 2020, 10.00hrs |
| Shortlisted suppliers notified | 04 December 2020 |
| Interviews | w/c 7 December 2020 |
| Award contract | w/c 14 December 2020 |
| Project Inception Meeting | w/c 14 December 2020 |

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.

Please submit the Form of Tender and Disclaimer certificate along with your proposal. 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

**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 |
|  |  |  |
|  |  |  |
|  |  |  |

1. This covers freight operators and franchised, open-access and charter passenger operators. [↑](#footnote-ref-1)
2. The contracts put in place by the Department for Transport (DfT) are known as Emergency Recovery Measures Agreements (ERMAs). Further details of these arrangements are available [here](https://www.gov.uk/government/news/rail-franchising-reaches-the-terminus-as-a-new-railway-takes-shape). Other franchising authorities have put in place similar arrangements. [↑](#footnote-ref-2)
3. As explained in Section 2.1, other franchising authorities have put in place similar arrangements with the TOCs which operate services in their areas. [↑](#footnote-ref-3)