

Invitation to Quote

Invitation to Quote (ITQ) on behalf of the Low Pay Commission (LPC)

**Subject An investigation of the impact of the NLW on earnings, with
a focus on pay differentials**

Sourcing reference number CR18028



UK Shared Business Services Ltd (UK SBS)
www.uksbs.co.uk

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Section 1 – About UK Shared Business Services

Putting the business into shared services

UK Shared Business Services Ltd (UK SBS) brings a commercial attitude to the public sector; helping Contracting Authorities improve efficiency, generate savings and modernise.

It is our vision to become the leading service provider for Contracting Authorities for of shared business services in the UK public sector, continuously reducing cost and improving quality of business services for Government and the public sector.

Our broad range of expert services is shared by our Contracting Authorities. This allows Contracting Authorities the freedom to focus resources on core activities; innovating and transforming their own organisations.

Core services include Procurement, Finance, Grants Admissions, Human Resources, Payroll, ISS, and Property Asset Management all underpinned by our Service Delivery and Contact Centre teams.

UK SBS is a people rather than task focused business. It's what makes us different to the traditional transactional shared services centre. What is more, being a not-for-profit organisation owned by the Department for Business, Energy & Industrial Strategy (BEIS), UK SBS' goals are aligned with the public sector and delivering best value for the UK taxpayer.

UK Shared Business Services Ltd changed its name from RCUK Shared Services Centre Ltd in March 2013.

Our Customers

Growing from a foundation of supporting the Research Councils, 2012/13 saw Business, Energy and Industrial Strategy (BEIS) transition their procurement to UK SBS and Crown Commercial Services (CCS – previously Government Procurement Service) agree a Memorandum of Understanding with UK SBS to deliver two major procurement categories (construction and research) across Government.

UK SBS currently manages £700m expenditure for its Contracting Authorities.

Our Contracting Authorities who have access to our services and Contracts are detailed [here](#).

Section 2 – About the Contracting Authority

Low Pay Commission (LPC)

The Low Pay Commission (LPC) is an independent public body (sponsored by The Department for Business, Energy & Industrial Strategy: BEIS) that advises the Government about the National Minimum Wage. There are 9 Low Pay Commissioners drawn from a range of employee, employer and academic backgrounds. All the commissioners serve in an individual capacity. They are supported by a small secretariat, which has 8 members of staff.

The Low Pay Commission makes evidence-based recommendations based on:

- commissioned and independent research;
- analysis of relevant data regarding the state of the economy and the impact of the minimum wage;
- consultations with employers, workers and their representatives;
- written and oral evidence from a wide range of organisations; and
- fact-finding visits across the UK to meet employers, employees and representative organisations.

<https://www.gov.uk/government/organisations/low-pay-commission>

Section 3 - Working with the Contracting Authority.

In this section you will find details of your Procurement contact point and the timescales relating to this opportunity.

Section 3 – Contact details		
3.1	Contracting Authority Name and address	Low Pay Commission (LPC) 8 th Floor Fleetbank House 2-6 Salisbury Square London EC4Y 8JX
3.2	Buyer name	Jenny Stratton
3.3	Buyer contact details	Research@uksbs.co.uk
3.4	Maximum Value of the Opportunity	Up to £50,000.00 excluding VAT
3.5	Process for the submission of clarifications and Bids	All correspondence shall be submitted within the Emptoris e-sourcing tool. Guidance Notes to support the use of Emptoris is available here. Please note submission of a Bid to any email address including the Buyer <u>will</u> result in the Bid <u>not</u> being considered.

Section 3 - Timescales		
3.6	Date of Issue of Contract Advert and location of original Advert	Wednesday 7 th February 2018 Location: Contracts Finder
3.7	Latest date/time ITQ clarification questions shall be received through Emptoris messaging system	Thursday 15 th February 2018 14:00hrs
3.8	Latest date/time ITQ clarification answers should be sent to all Bidders by the Buyer through Emptoris	Tuesday 20 th February 2018
3.9	Latest date/time ITQ Bid shall be submitted through Emptoris	Monday 26 th February 2018 14.00hrs
3.10	Anticipated selection and the selections of Bids notification date	Tuesday 6 th March 2018
3.11	Anticipated Award date	Tuesday 6 th March 2018
3.12	Anticipated Contract Start date	Monday 12 th March 2018
3.13	Anticipated Contract End date	Friday 29 th November 2019

3.14	Bid Validity Period	60 Days
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Section 4 – Specification

1. Background

The Low Pay Commission (LPC) invites tenders for an examination of the impact of the minimum wage on earnings and wage differentials.

The LPC has an ongoing remit to monitor the operation of the UK minimum wage, and to assess the impact of increases in the levels of the NMW and NLW in order to advise the Government on future rates. An important part of assessing the impact of the minimum wage is to examine the effect on the labour market. Previous research has found clear evidence of an impact on hourly earnings but suggests that the NMW has had limited adverse effects on employment levels. Businesses have coped by using a number of adjustment channels, including: adjusting hours; changing pay structures; reducing non-wage benefits; increasing prices to their customers; and squeezing profit margins.

The introduction of the NLW on 1 April 2016 at £7.20 an hour for those aged 25 and above was a sharp real and relative increase in the level of the minimum wage – 10.8 per cent in nominal terms on the year previously (around four times pay growth at the median). Since then, as part of the Government commitment to move towards 60 per cent of median earnings by 2020, the NLW was further increased by 4.2 per cent to £7.50 an hour in April 2017 and will increase by 4.4 per cent in April 2018 to £7.83.

Some qualitative research has investigated the impact of the introduction of the NLW on pay structures. D'Arcy (2016), and Incomes Data Research (2016a and 2017a) have suggested that differentials have been squeezed and that some employers are concerned about the resulting disincentives for progression up the career ladder. This concern has also been echoed on Commission visits around the country, when meeting employers and workers. It is important that the Commission has robust evidence on the effect of the NLW on hourly and weekly earnings, and in particular the extent of any squeeze on differentials.

Previous research has broadly established that incremental increases in the minimum wage can raise pay at the bottom of the pay distribution without large adverse side effects on the labour market. However, business and employee representatives have told us that differentials between the lowest paid and those paid just above are being squeezed. The advent of the NLW is an opportunity to test whether this is true for sharper and more ambitious increases. As the NLW increases to 60 per cent of median earnings, coverage is

forecast to increase from around 5 per cent in 2015 to nearly 14 per cent in 2020. There is global interest among policy-makers in the impact of the NLW. The LPC is required to make recommendations to the Government on the path of the rate of the NLW to 2020. The findings from this research will directly inform policy decisions touching the lives of millions of workers as well as contributing to policy formation in the UK and beyond.

2. Aims and Objectives of the Project

The aim of this study is to assess the impact of the minimum wage on hourly and weekly earnings, and assess whether, and to what extent, wage differentials have been squeezed. The LPC is also keen to gauge the extent to which the NLW has become established as the 'going rate'. In addition, this project would ideally provide an analysis of whether wages and differentials reflect skills and productivity differences by sector.

The LPC invites tenders for research that will provide interim findings by September 2018 and further, fuller, findings by September 2019. The 2018 findings will provide an assessment of the impact of the introduction of the NLW (£7.20) and its initial increase to £7.50. The findings on the impact of the NLW will inform LPC deliberations in October 2018 for the uprating of the NLW in April 2019. The more substantive findings on the impact of the NLW will inform decisions in October 2019 for the NLW uprating in April 2020.

We are particularly interested in understanding how any impacts on hourly and weekly earnings vary by industry, occupation, firm size, sector (public and private) and geography. We are also interested in understanding how the effects vary by individual characteristics, such as age, gender, disability, ethnicity, educational qualifications, and migrant status.

Information about previous LPC research projects is available on our website at

<https://www.gov.uk/government/publications/low-pay-commission-research-2017>

Detailed descriptive analysis of the NLW is available in Chapter 2 of our 2017 Report

<https://www.gov.uk/government/publications/national-minimum-wage-low-pay-commission-report-2017>

3. Suggested Methodology

The research should use up to date, appropriate, econometric techniques, in line with recent studies. Potential contractors are free to use whatever method they consider most

appropriate but it is essential that the methodology and analysis stands up to external scrutiny by professional academics, economists, statisticians and analysts.

Previous research and analysis – for example, Butcher (2005) and previous Low Pay Commission annual reports, for example, Low Pay Commission (2017) – have shown a clear impact of increases in the UK minimum wage on the hourly earnings distribution. Other research – for example, Stewart (2009), Swaffield (2009), Butcher, Dickens and Manning (2012) and London Economics (2016) – has explored the extent of spillovers further up the earnings distribution.

Potential contractors should specify the techniques that they intend to employ. Tenders should also state which datasets are to be used, and give some indication of their strengths and limitations and in particular whether the available data will restrict the analysis in any way.

Appropriate data sources for this type of analysis might be the Labour Force Survey and the Annual Survey of Hours and Earnings. It is important that the analysis includes as much evidence as possible on the impact of the NLW on earnings according to the timelines outlined above. The tender should outline the time period of the data to be analysed.

Any other specific requirements

We will support the successful bidder in gaining access to the latest data, which we anticipate would enable researchers to use ASHE 2017 and the LFS up to 2018Q1 for the 2018 deadline with a further year of data for the 2019 deadline.

4. Deliverables

The initial primary audience for this work will be the LPC. The main output of the study will be a report, detailing the aims and objectives of the research, the methodology adopted and the main findings. The report should include a brief non-technical Executive Summary. An electronic copy (preferably Word and pdf format) for the LPC website will be required. The LPC will make the findings publicly available, and a synopsis of the report will be included in the Low Pay Commission's 2019 Report. A summary of the interim report will also be included in the 2018 Report.

In addition, there would be other deliverables expected. These will include:

- A methodology paper;

- Regular updates on emerging findings and project progress;
- An interim report;
- A draft final report;
- A final report incorporating comments from LPC;
- Four presentations of the key aspects of the work (at the research workshops in April 2018, September 2018, April 2019 and September 2019 detailed below); and
- Key datasets and syntax files.

The timescale for delivery of the research is flexible according to the needs of the project, but we would be looking in the first instance for a presentation on data sources and methodology at the technical research workshop on 12 April 2018, a detailed methodology paper by 30 June 2018, some initial findings for a presentation to the 6th Annual LPC Research Symposium on 6 September 2018 and a draft interim report by 28 September 2018. We would then expect more detailed findings for the LPC research workshop in spring 2019 and the 7th Annual LPC Research Symposium in September 2019. A final paper would be required by 27 September 2019. Project management is likely to include attendance at an inception meeting at LPC, and review meetings as required.

5. Timescales

Date of Issue to all Bidders (live on Framework / Contracts Finder via Emptoris)	07 February 2018
Deadline for submission	26 February 2018
Project Timescales	
Initial meeting	w/c 12 March 2018 (Provisional)
Presentation at research workshop	12 April 2018
Methodology paper and initial findings	29 June 2018
Presentation of methodology and emerging findings at the Sixth Annual LPC Research Symposium	6 September 2018
Interim report	28 September 2018
Publication of interim report	November/December 2018
Presentation at research workshop	11 April 2019 (to be confirmed)
Draft final report	28 June 2019

Presentation of methodology and emerging findings at the Seventh Annual LPC Research Symposium	5 September 2019 (to be confirmed)
Agreed final report	27 September 2019
Publication	November/December 2019

Terms and Conditions

Bidders are to note that any requested modifications to the Contracting Authority Terms and Conditions on the grounds of statutory and legal matters only, shall be raised as a formal clarification during the permitted clarification period.

Section 5 – Evaluation model

The evaluation model below shall be used for this ITQ, which will be determined to two decimal places.

Where a question is 'for information only' it will not be scored.

The evaluation team may comprise staff from UK SBS, and the Contracting Authority ----- and any specific external stakeholders the Contracting Authority deems required. After evaluation the scores will be finalised by performing a calculation to identify (at question level) the mean average of all evaluators (Example – a question is scored by three evaluators and judged as scoring 5, 5 and 6. These scores will be added together and divided by the number of evaluators to produce the final score of 5.33 ($5+5+6 = 16 \div 3 = 5.33$))

Pass / fail criteria		
Questionnaire	Q No.	Question subject
Commercial	SEL1.2	Employment breaches/ Equality
Commercial	SEL3.11	Compliance to Section 54 of the Modern Slavery Act
Commercial	FOI1.1	Freedom of Information Exemptions
Commercial	AW1.1	Form of Bid
Commercial	AW1.3	Certificate of Bona Fide Bid
Commercial	AW3.1	Validation check
Commercial	AW4.1	Contract Terms – Part 1
Commercial	AW4.2	Contract Terms – Part 2
Price	AW5.1	Maximum Budget
Price	AW5.5	E Invoicing
Price	AW5.6	Implementation of E-Invoicing
Quality	AW6.1	Compliance to the Specification
-	-	Invitation to Quote – received on time within e-sourcing tool

Scoring criteria			
Evaluation Justification Statement			
In consideration of this particular requirement the Contracting Authority has decided to evaluate Potential Providers by adopting the weightings/scoring mechanism detailed within this ITQ. The Contracting Authority considers these weightings to be in line with existing best practice for a requirement of this type.			
Questionnaire	Q No.	Question subject	Maximum Marks
Price	AW5.2	Price	20%
Quality	PROJ1.1	Understanding the requirements and context	25%
Quality	PROJ1.2	Methodology and approach	30%
Quality	PROJ1.3	Ability to deliver	25%

Evaluation of criteria

Non-Price elements

Each question will be judged on a score from 0 to 100, which shall be subjected to a multiplier to reflect the percentage of the evaluation criteria allocated to that question.

Where an evaluation criterion is worth 20% then the 0-100 score achieved will be multiplied by 20%.

Example if a Bidder scores 60 from the available 100 points this will equate to 12% by using the following calculation:

$$\text{Score} = \{\text{weighting percentage}\} \times \{\text{bidder's score}\} = 20\% \times 60 = 12$$

The same logic will be applied to groups of questions which equate to a single evaluation criterion.

The 0-100 score shall be based on (unless otherwise stated within the question):

0	The Question is not answered or the response is completely unacceptable.
10	Extremely poor response – they have completely missed the point of the question.
20	Very poor response and not wholly acceptable. Requires major revision to the response to make it acceptable. Only partially answers the requirement, with major deficiencies and little relevant detail proposed.
40	Poor response only partially satisfying the selection question requirements with deficiencies apparent. Some useful evidence provided but response falls well short of expectations. Low probability of being a capable supplier.
60	Response is acceptable but remains basic and could have been expanded upon. Response is sufficient but does not inspire.
80	Good response which describes their capabilities in detail which provides high levels of assurance consistent with a quality provider. The response includes a full description of techniques and measurements currently employed.
100	Response is exceptional and clearly demonstrates they are capable of meeting the requirement. No significant weaknesses noted. The response is compelling in its description of techniques and measurements currently employed, providing full assurance consistent with a quality provider.

All questions will be scored based on the above mechanism. Please be aware that the final score returned may be different as there may be multiple evaluators and their individual scores will be averaged (mean) to determine your final score.

Example

Evaluator 1 scored your bid as 60

Evaluator 2 scored your bid as 60

Evaluator 3 scored your bid as 40

Evaluator 4 scored your bid as 40

Your final score will $(60+60+40+40) \div 4 = 50$

Price elements will be judged on the following criteria.

The lowest price for a response which meets the pass criteria shall score 100.

All other bids shall be scored on a pro rata basis in relation to the lowest price. The score is then subject to a multiplier to reflect the percentage value of the price criterion.

For example - Bid 1 £100,000 scores 100.

Bid 2 £120,000 differential of £20,000 or 20% remove 20% from price scores 80

Bid 3 £150,000 differential £50,000 remove 50% from price scores 50.

Bid 4 £175,000 differential £75,000 remove 75% from price scores 25.

Bid 5 £200,000 differential £100,000 remove 100% from price scores 0.

Bid 6 £300,000 differential £200,000 remove 100% from price scores 0.

Where the scoring criterion is worth 50% then the 0-100 score achieved will be multiplied by 50.

In the example if a supplier scores 80 from the available 100 points this will equate to 40% by using the following calculation: Score/Total Points multiplied by 50 ($80/100 \times 50 = 40$)

The lowest score possible is 0 even if the price submitted is more than 100% greater than the lowest price.

Section 6 – Evaluation questionnaire

Bidders should note that the evaluation questionnaire is located within the **e-sourcing questionnaire**.

Guidance on completion of the questionnaire is available at
<http://www.uksbs.co.uk/services/procure/Pages/supplier.aspx>

PLEASE NOTE THE QUESTIONS ARE NOT NUMBERED SEQUENTIALLY

Section 7 – General Information

What makes a good bid – some simple do's 😊

DO:

- 7.1 Do comply with Procurement document instructions. Failure to do so may lead to disqualification.
- 7.2 Do provide the Bid on time, and in the required format. Remember that the date/time given for a response is the last date that it can be accepted; we are legally bound to disqualify late submissions. Unless formally requested to do so by UK SBS e.g. Emptoris system failure
- 7.3 Do ensure you have read all the training materials to utilise e-sourcing tool prior to responding to this Bid. If you send your Bid by email or post it will be rejected.
- 7.4 Do use Microsoft Word, PowerPoint Excel 97-03 or compatible formats, or PDF unless agreed in writing by the Buyer. If you use another file format without our written permission we may reject your Bid.
- 7.5 Do ensure you utilise the Emptoris messaging system to raise any clarifications to our ITQ. You should note that we will release the answer to the question to all Bidders and where we suspect the question contains confidential information we may modify the content of the question to protect the anonymity of the Bidder or their proposed solution
- 7.6 Do answer the question, it is not enough simply to cross-reference to a 'policy', web page or another part of your Bid, the evaluation team have limited time to assess bids and if they can't find the answer, they can't score it.
- 7.7 Do consider who the Contracting Authority is and what they want – a generic answer does not necessarily meet every Contracting Authority's needs.
- 7.8 Do reference your documents correctly, specifically where supporting documentation is requested e.g. referencing the question/s they apply to.
- 7.9 Do provide clear, concise and ideally generic contact details; telephone numbers, e-mails and fax details.
- 7.10 Do complete all questions in the questionnaire or we may reject your Bid.
- 7.11 Do check and recheck your Bid before dispatch.

What makes a good bid – some simple do not's Ⓜ

DO NOT

- 7.12 Do not cut and paste from a previous document and forget to change the previous details such as the previous buyer's name.
- 7.13 Do not attach 'glossy' brochures that have not been requested, they will not be read unless we have asked for them. Only send what has been requested and only send supplementary information if we have offered the opportunity so to do.
- 7.14 Do not share the Procurement documents, they are confidential and should not be shared with anyone without the Buyers written permission.
- 7.15 Do not seek to influence the procurement process by requesting meetings or contacting UK SBS or the Contracting Authority to discuss your Bid. If your Bid requires clarification the Buyer will contact you. All information secured outside of formal Buyer communications shall have no Legal standing or worth and should not be relied upon.
- 7.16 Do not contact any UK SBS staff or the Contracting Authority staff without the Buyers written permission or we may reject your Bid.
- 7.17 Do not collude to fix or adjust the price or withdraw your Bid with another Party as we will reject your Bid.
- 7.18 Do not offer UK SBS or the Contracting Authority staff any inducement or we will reject your Bid.
- 7.19 Do not seek changes to the Bid after responses have been submitted and the deadline for Bids to be submitted has passed.
- 7.20 Do not cross reference answers to external websites or other parts of your Bid, the cross references and website links will not be considered.
- 7.21 Do not exceed word counts, the additional words will not be considered.
- 7.22 Do not make your Bid conditional on acceptance of your own Terms of Contract, as your Bid will be rejected.

Some additional guidance notes

- 7.23 All enquiries with respect to access to the e-sourcing tool and problems with functionality within the tool must be submitted to Crown Commercial Service (previously Government Procurement Service), Telephone 0345 010 3503.
- 7.24 Bidders will be specifically advised where attachments are permissible to support a question response within the e-sourcing tool. Where they are not permissible any attachments submitted will not be considered as part of the evaluation process.
- 7.25 Question numbering is not sequential and all questions which require submission are included in the Section 6 Evaluation Questionnaire.
- 7.26 Any Contract offered may not guarantee any volume of work or any exclusivity of supply.
- 7.27 We do not guarantee to award any Contract as a result of this procurement
- 7.28 All documents issued or received in relation to this procurement shall be the property of the Contracting Authority. / UKSBS.
- 7.29 We can amend any part of the procurement documents at any time prior to the latest date / time Bids shall be submitted through Emptoris.
- 7.30 If you are a Consortium you must provide details of the Consortiums structure.
- 7.31 Bidders will be expected to comply with the Freedom of Information Act 2000 or your Bid will be rejected.
- 7.32 Bidders should note the Government's transparency agenda requires your Bid and any Contract entered into to be published on a designated, publicly searchable web site. By submitting a response to this ITQ Bidders are agreeing that their Bid and Contract may be made public
- 7.33 Your bid will be valid for 60 days or your Bid will be rejected.
- 7.34 Bidders may only amend the contract terms during the clarification period only, only if you can demonstrate there is a legal or statutory reason why you cannot accept them. If you request changes to the Contract terms without such grounds and the Contracting Authority fail to accept your legal or statutory reason is reasonably justified we may reject your Bid.
- 7.35 We will let you know the outcome of your Bid evaluation and where requested will provide a written debrief of the relative strengths and weaknesses of your Bid.
- 7.36 If you fail mandatory pass / fail criteria we will reject your Bid.
- 7.37 Bidders are required to use IE8, IE9, Chrome or Firefox in order to access the functionality of the Emptoris e-sourcing tool.
- 7.38 Bidders should note that if they are successful with their proposal the Contracting Authority reserves the right to ask additional compliancy checks prior to the award of

any Contract. In the event of a Bidder failing to meet one of the compliancy checks the Contracting Authority may decline to proceed with the award of the Contract to the successful Bidder.

- 7.39 All timescales are set using a 24 hour clock and are based on British Summer Time or Greenwich Mean Time, depending on which applies at the point when Date and Time Bids shall be submitted through Emptoris.
- 7.40 All Central Government Departments and their Executive Agencies and Non Departmental Public Bodies are subject to control and reporting within Government. In particular, they report to the Cabinet Office and HM Treasury for all expenditure. Further, the Cabinet Office has a cross-Government role delivering overall Government policy on public procurement - including ensuring value for money and related aspects of good procurement practice.

For these purposes, the Contracting Authority may disclose within Government any of the Bidders documentation/information (including any that the Bidder considers to be confidential and/or commercially sensitive such as specific bid information) submitted by the Bidder to the Contracting Authority during this Procurement. The information will not be disclosed outside Government. Bidders taking part in this ITQ consent to these terms as part of the competition process.

- 7.41 The Government is introducing its new Government Security Classifications (GSC) classification scheme on the 2nd April 2014 to replace the current Government Protective Marking System (GPMS). A key aspect of this is the reduction in the number of security classifications used. All Bidders are encouraged to make themselves aware of the changes and identify any potential impacts in their Bid, as the protective marking and applicable protection of any material passed to, or generated by, you during the procurement process or pursuant to any Contract awarded to you as a result of this tender process will be subject to the new GSC. The link below to the Gov.uk website provides information on the new GSC:

<https://www.gov.uk/government/publications/government-security-classifications>

The Contracting Authority reserves the right to amend any security related term or condition of the draft contract accompanying this ITQ to reflect any changes introduced by the GSC. In particular where this ITQ is accompanied by any instructions on safeguarding classified information (e.g. a Security Aspects Letter) as a result of any changes stemming from the new GSC, whether in respect of the applicable protective marking scheme, specific protective markings given, the aspects to which any protective marking applies or otherwise. This may relate to the instructions on safeguarding classified information (e.g. a Security Aspects Letter) as they apply to the procurement as they apply to the procurement process and/or any contracts awarded to you as a result of the procurement process.

USEFUL INFORMATION LINKS

- [Emptoris Training Guide](#)
- [Emptoris e-sourcing tool](#)
- [Contracts Finder](#)
- [Equalities Act introduction](#)
- [Bribery Act introduction](#)
- [Freedom of information Act](#)