

# Invitation to Quote

**Invitation to Quote (ITQ) on behalf Department for Business,  
Energy & Industrial Strategy (BEIS)**

**Subject **BLOJEU-CR17169BEIS - Factors underlying business  
finance and investment decisions****

**Sourcing reference number **BLOJEU-CR17169BEIS****



**UK Shared Business Services Ltd (UK SBS)**  
[www.uksbs.co.uk](http://www.uksbs.co.uk)

Registered in England and Wales as a limited company. Company Number 6330639.  
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VAT registration GB618 3673 25  
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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

### Department for Business, Energy & Industrial Strategy (BEIS)

The Department for Business, Energy and Industrial Strategy (BEIS) was created as a result of a merger between the Department of Energy and Climate Change (DECC) and the Department for Business, Innovation and Skills (BIS), as part of the Machinery of Government (MoG) changes in July 2016.

The Department is responsible for:

- developing and delivering a comprehensive industrial strategy and leading the government's relationship with business;
- ensuring that the country has secure energy supplies that are reliable, affordable and clean;
- ensuring the UK remains at the leading edge of science, research and innovation; and
- tackling climate change.

BEIS is a ministerial department, supported by 46 agencies and public bodies.

We have around 2,500 staff working for BEIS. Our partner organisations include 9 executive agencies employing around 14,500 staff.

<http://www.beis.gov.uk>

## Section 3 - Working with the Department for Business, Energy & Industrial Strategy.

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	Department for Business, Energy and Industrial Strategy 1 Victoria Street , London, SW1H 0ET
3.2	Buyer name	Liz Vincent
3.3	Buyer contact details	research@uksbs.co.uk
3.4	Estimated value of the Opportunity	£49,000 Excluding VAT
3.5	Process for the submission of clarifications and Bids	<b>All correspondence shall be submitted within the Emptoris e-sourcing tool. Guidance Notes to support the use of Emptoris is available <a href="#">here</a>. 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.</b>

Section 3 - Timescales		
3.6	Date of Issue of Contract Advert and location of original Advert	Friday 22 <sup>nd</sup> December 2018
3.7	Latest date/time ITQ clarification questions shall be received through Emptoris messaging system	Wednesday 10 <sup>th</sup> January 2018 14:00
3.8	Latest date/time ITQ clarification answers should be sent to all Bidders by the Buyer through Emptoris	Thursday 11 <sup>th</sup> January 2018
3.9	Latest date/time ITQ Bid shall be submitted through Emptoris	Monday 15 <sup>th</sup> January 2018 09:00
3.10	Anticipated selection and the selections of Bids notification date	Wednesday 17 <sup>th</sup> January 2018
3.11	Anticipated Award date	Wednesday 17 <sup>th</sup> January 2018
3.12	Anticipated Contract Start date	Friday 19 <sup>th</sup> January 2018
3.13	Anticipated Contract End date	Thursday 19 <sup>th</sup> July 2018
3.14	Bid Validity Period	60 Days

## Section 4 – Specification

### 1. Background

The Department of Business Energy and Industrial Strategy is seeking to undertake new research to better understand why business demand for finance is low, how businesses make financial decisions and what impact financial decision-making has on business investment. This is important for BEIS since investment is key driver of productivity growth. Currently, there is plenty of quantitative evidence of a long downtrend in the demand for finance which predates and has continued since the financial crisis. We are seeking more evidence on the reasons for this. A fundamental aspect of the research is to understand why many UK businesses that aspire to grow their sales prefer not to use finance to support their growth even if it means deferring or forgoing growth, potentially contributing to weak productivity growth at the aggregate level.

The main output of the project will be a quantitative survey of all businesses and a report on the findings; the report may be supplemented by some depth interviews/case studies. BEIS wishes to gather more evidence on what would improve business incentives to borrow and invest. The research will leave BEIS with a good general sense of what the main underlying issues are, including knowledge of the main drivers and types of businesses split by their different approach to borrowing and finance decision-making. The research will enable BEIS to learn about the factors that can lead to under-investment and help develop further the UK's industrial strategy. It will also provide some key pieces of evidence in relation to the nature of incentives to invest that government may need to address.

### 2. Aims and Objectives of the Project

The key deliverables of the research will be a survey of the business population, data and analysis and a research report.

This research project will help improve our understanding of why demand for finance is so weak, what any market failures might be and what if anything BEIS should do to improve the incentives for business to seek external funds in order to invest.

The results will give BEIS a better understanding of the main factors driving non-borrowing and/or under-borrowing. Anecdotally, the most likely factors are thought to be issues around:

- a lack of confidence in accessing finance from some financial institutions,
- the existence of businesses' excess cash surpluses which means there is less need for borrowing and
- business concerns about risk/macroeconomic climate.

The survey will help elucidate the relative importance of these issues. The survey will also tell us more about the link between businesses' attitudes to accessing finance and their financial and investment decision-making, drawing on a methodology such as the one used in an innovative Bank of England survey of business investment and finance decision-making: "The Financial System and Productive Investment: New Survey Evidence", undertaken a year ago and whose findings were published in February 2017. Drawing on this approach, the key deliverables of the research will be basic descriptive data, presenting data and findings by size, age of firm and sector, etc. on:

- reasons for the lack of demand for loans and overdrafts, etc.
- reasons why many businesses do not want to borrow and grow the business
- reasons why businesses are not happy to use finance to help the business grow.

The new BEIS research will also:

- explain why, how and where there may be market deficiencies in firms' financial decision-making and levels of investment;
- explain whether firms have under-invested or over-invested in recent years (business perception and/or objective measure);
- outline businesses' investment project appraisal methods e.g. hurdle rates, payback or other method; and
- describe and explain whether businesses' appraisal methods have changed in the light of falls in interest rates and the cost of debt capital.

The written report will comment on why businesses' appraisal methods may not have changed in response to a change in interest rates, whether they should have changed and in which sectors of the economy there may be particular opportunities to exploit unrealised expected returns in excess of the cost of capital. For instance, has uncertainty of returns and profitability from new projects risen in recent years, offsetting falls in inflation? If so, do such trends exist across the whole economy or in certain sectors?

The project should also explore the reasons that lie behind firms' attitudes as to their use of finance and this is likely to involve engaging some businesses in detailed, follow-up, telephone discussions, seeking information on their motivations to use finance and grow (or not as the case may be). This will provide the opportunity to elicit further explanations on whether non-financial factors are at play, for example a lack of trust or a desire to keep control of the business or not dilute the ownership.

The report will also suggest any next steps for further research.

### **3. Suggested Methodology**

We would welcome applications from organisations with a good understanding of the relevant financial, accounting and economic concepts involved in the project.

In terms of methodology, the main element of the research should take the form of a quantitative survey

- The survey will cover SMEs that are borrowing as well as those that are not borrowing. SME borrowers may also show evidence of low demand for investment with features such as risk-averse investment characteristics and high hurdle rates, and so only surveying non-borrowers might lead to misleading results. Similarly, we do not want to focus just on reaching discouraged non-borrowers since there is evidence that non-borrowers without discouragement are interested in applying for finance under some circumstances. Therefore we need to survey all SMEs.
- We suggest that the survey should focus on SME employers, as surveying the link between investment and finance decision-making is likely to be a more valid context for such businesses than for non-employing businesses.
- The main element of the survey would be in the form of a telephone survey of businesses including both SMEs and larger businesses, encompassing at least 1500 businesses in order to achieve a robust sample. This could be supplemented by an electronic survey, depending on advice from the contractor. The telephone interviews will involve multiple choice and quantitative answers and the interviewees will be owner/managers or financial controllers/Financial Directors.
- The survey should seek a balanced sample of businesses (by size, age of firm and sector), however this may require some oversampling of larger firms to get more robust results. Given how widespread the lack of interest in finance is, we do not anticipate problems in reaching relevant businesses.
- Whilst all businesses are of interest to this research, the core group is the 70 per cent of businesses that prefer to forgo growth rather than borrow to grow, according to the large-scale SME Finance Monitor survey, so the sample should include at least 1,000 businesses from this group.

- An appropriate, reliable, easy-to-use sampling frame should be used.

More details on the beliefs and issues driving the results from the quantitative survey may need to be supplemented by qualitative case studies/depth interviews held with some of the businesses that agree to take part in follow-up, discussions on the telephone. A selection of in-depth interviews/ case studies should allow a better understanding of SMEs' investing characteristics and their approach to making financing decisions. The vast majority of the project resource is expected to be devoted to the quantitative element of the project.

#### **4. Deliverables**

The key deliverables will be a survey, summary data and statistical outputs presented in tables and a research report.

We expect the outputs to include spreadsheets with charts and data as well as a full written report explaining the methodology, a description of the data created with tables and charts, the results and findings, any problems encountered, conclusions and suggestions for further research/future evaluation.

During the course of the project, BEIS would like to receive:

- regular updates on the survey's progress, analysis and emerging findings, as appropriate,
- an interim review comprising analysis of the data and key points after the quantitative survey has concluded,
- a draft report, and
- a final report and presentation.

#### **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	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
Commercial	AW4.2	Contract Terms - Justification
Price	AW5.5	E Invoicing
Price	AW5.6	Implementation of E-Invoicing
Quality	AW6.1	Compliance to the Specification
Commercial	SEL3.11	Compliance to Section 54 of the Modern Slavery Act
-	-	Invitation to Quote – received on time within e-sourcing tool

Scoring criteria			
<b>Evaluation Justification Statement</b>			
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	30%
Quality	PROJ1.2	Risk Management	10%
Quality	PROJ1.3	Methodology	40%

## 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.

Once the evaluation process and due diligence is complete, should the result of the process result in a tied place(s) then the supplier(s) who scored the highest total in the Quality criterion shall be considered the successful supplier and shall be awarded the opportunity .

Should the above still result in a tie we will go to a secondary tie decision which will be who scored the highest total in the Price criterion (Question AW5.2) they shall be considered the successful supplier and shall be awarded the opportunity.

## **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 2<sup>nd</sup> 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](#)