OPEN TENDER

RSSB INVITATION TO TENDER FOR THE PROVISION OF: RSSB2616 - Identifying best practices in how public procurement can support the uptake of innovation in risk averse industries

Deadline: Friday 2nd January 2018

ITT Reference: RSSB2616 - Identifying best practices in how public procurement can support the uptake of innovation in risk averse industries

# TENDER DOCUMENTS

1.1 Tenders shall be submitted in accordance with the following instructions. It is important that all the information requested is provided in the format and order specified. If the Tenderer does not provide all of the information RSSB has requested within the tender pack, RSSB may reject the tender as non-compliant.

1.2 Tenderers must obtain for themselves, at their own responsibility and expense, all information necessary for the preparation of their tender. Tenderers are solely responsible for any costs and expenses in connection with the preparation and submission of their Tender, and all other stages of the selection and evaluation process. Under no circumstances will RSSB, or its advisors, be liable for any costs or expenses Tenderers, their sub-contractors, suppliers or advisors incur in this process, including if this tendering process is terminated or amended by RSSB.

1.3 Tenderers are solely responsible for obtaining the information that they consider is necessary in order to prepare the content of their tender and to undertake any investigations they consider necessary in order to verify any information RSSB provides during the procurement process.

1.4 All pages of the tender submission must be sequentially numbered (including any forms to be completed and returned).

1.5 All specifications, plans, drawings, samples and patterns and anything else that RSSB issues in connection with this ITT, remains the property of RSSB and are to be used solely for the purpose of tendering.

1.6 At any time prior to the deadline for receipt of questions, RSSB may modify the tender documents by amendments in writing.

1.7 RSSB (at its sole discretion) may extend the deadline for receipt of Tenders.

RSSB reserves the right to modify or to discontinue the whole of, or any part of, this tendering process at any time and accepts no obligation whatsoever to award a contract.

# GENERAL, LEGAL & COMPLIANCE

2.1 RSSB will check each tender for completeness and compliance with the tender instructions. RSSB reserves the right to reject any tenders it considers substantially incomplete, or non-compliant (each tender will be assessed on its own merit, according to the level/importance of omitted or non-compliant content).

2.2The Tenderer will be excluded should any of the grounds for mandatory rejection or discretionary rejection be triggered. Mandatory requirements can be viewed within the Public Contracts Regulations 2015.

2.3 Tenderers are required to confirm in their tender response, they are able to meet all mandatory and discretionary requirements.

2.4 The Tenderer will be excluded should it be assessed that it has a high risk of:

* + Insolvency over the lifetime of the contract; e.g. the Tenderer may be excluded if its current assets to current liabilities ratio is less than 1;
  + Insufficient financial capacity to deliver the services effectively; or
  + Over-dependence on RSSB (e.g. the Tenderer may be excluded if its turnover is less than £ [no more than2x the contract value]

# 3.0 TENDER INSTRUCTIONS

3.1 “RSSB” means the contracting authority, seeking to invite suppliers to participate in the procurement process.

“You” or “Supplier” means the legal entity completing these questions, seeking to be invited to the next step of the procurement process Invitation to Tender (ITT)

3.2 Please ensure all questions are completed in full and in the format requested. Failure to do so may result in your submission being disqualified. If the question does not apply you need to clearly state N/A.

3.3 If it is necessary for you to provide additional information this should be provided as an appendix and clearly referenced as part of your declaration.

3.4 **RSSB REPRESENTATIVE**

Your main point of contact is: [shareditt@rssb.co.uk](mailto:shareditt@rssb.co.uk)

**RSSB OVERVIEW**

If you wish to find out more about RSSB, please visit our website at [www.rssb.co.uk](http://www.rssb.co.uk)

**Timetable**

The timetable for this procurement follows. This is intended as a guide and whilst RSSB does not intend to depart from the timetable, it reserves the right to do so at any stage.

The expected milestones are set out below:

|  |  |
| --- | --- |
|  | **Start Date** |
| I.T.T Issued | 23/11/2017 |
| Supplier clarification questions deadline | 15/12/2017 17:00 hours |
| **Deadline for Submitting Tenders** | **05/01/2018 17:00 hours** |
| Post Tender Clarification & Evaluation | W/c |
| Estimated notification of award decision | W/C 15/01/2018 |
| Target contract commencement date | W/C 22/01/2018 |

Note: RSSB reserves the right to amend these dates as business requirements demand and will communicate any changes to tenderers.

3.5 **QUESTIONS**

Should you have any questions relating to the project, please email these before the deadlines detailed in the project timeline above to ensure that these questions can be effectively addressed? To ensure equal and fair treatment to all potential suppliers, RSSB will circulate all questions and responses anonymously.

Questions should be emailed to: [shareditt@rssb.co.uk](mailto:shareditt@rssb.co.uk)

# 4.0 Evaluation Information

4.1 In the interests of an open, fair and transparent assessment, this document sets out how RSSB intends to evaluate tender responses. It outlines the evaluation criteria and respective weightings, as well as the evaluation methodology to be applied.

4.2 **Verification of Information Provided**

Whilst reserving the right to request information at any time throughout the procurement process. RSSB may enable the Supplier to self- certify that there are no mandatory/ discretionary grounds for excluding their organisation. When requesting evidence that the supplier can meet the specified questions relating to Technical and Professional Ability RSSB may only obtain such evidence after the final tender evaluation decision and only from the winning Supplier only.

4.3 **Please self-certify whether you already have, or can commit to obtain, prior to the commencement of the contract, the levels of insurance cover indicated below:**

* Employer’s (Compulsory) Liability Insurance = £2M
* Public Liability Insurance = £1M
* Professional Indemnity Insurance = £1M

4.4 **Sub- contracting Arrangements**

Where the Supplier proposes to use one or more sub- contractors to deliver some or all of the contract requirements, a separate Appendix should be used to provide details of the proposed delivery model that includes members of the supply chain and percentage of work being delivered by each sub -contractor and the key deliverables that each sub- contractor will be responsible for.

RSSB recognises that sub- contracting arrangements may be subject to change and not finalised until a later date. However, Suppliers should be aware that where information provided to RSSB indicates that sub- contractors are to play a significant role in delivering the key requirements and any changes to those sub- contracting arrangements significantly affect the ability of the supplier to deliver key requirements the Supplier should notify RSSB immediately of any changes in the proposed supplier sub-contractor arrangements. RSSB reserves the right to deselect the Supplier prior to any award of contract based on an assessment of the updated information.

4.5 **Consortia Arrangement**

If the Supplier completing this tender submission is doing so as part of a proposed consortium the following information must be provided:

* Names of all consortium members;
* The lead member of the consortium who will be contractually responsible for delivery of the contract (if a separate legal entity is not being created); and
* If the consortium is proposing to form a legal entity, full details of the proposal should be submitted as an Appendix with this Tender.
* RSSB may require the consortium to assume a specific legal form if awarded the contract. If it is deemed that a legal incorporation is necessary for the satisfactory performance of the contract.
* All members of the consortium will be required to provide the information required in all sections of the Tender as part of a single composite response to RSSB i.e. each member of the consortium is required to contribute to completing the response document.

4.6 **Confidentiality**

RSSB reserves the right to contact the named customer contact and the nominated customer does not owe RSSB any duty of care or have any legal liability, except for any deceitful or maliciously false statements of fact.

RSSB confirms that it will keep confidential and will not disclose to any third parties for any information obtained from the named customer contact, other than to the Crown Commercial Services and or contracting authorities defined by the Public Contract Regulations.

# 5.0 Evaluation Process

5.1 The process that will be used to select an appropriate Tenderer and award the contract for this procurement is available in more detail in the Evaluation Criteria.

The open procedure is a single stage process.

5.2 **Marking for Award Criteria**

An evaluation panel consisting of representatives of key stakeholders within RSSB will carry out the evaluation. The procurement team will only act as moderator during the assessment phases of the evaluation.

Each evaluation area is weighted to show the relative importance significance of the criteria specific area’s for assessment.

# 6.0 PROCESS AND PREPARATION OF RESPONSES

6.1 The Supplier shall not enter in any agreement or arrangement with any third party which would in any way cause RSSB or its members to incur any financial obligations to the Supplier or any third party.

6.2 The Supplier shall not approach any Customer employee, the Customer’s Representative or its agents to discuss any aspects of the Tender. All communication should be conducted via the Customers Representative.

6.3 The Supplier shall not canvass support for the award of the contract by approaching any employee of RSSB, its Representative or its agents.

6.4 The documents as enclosed are to be accepted in their entirety. No alteration Representative before the date stated for the receipt of tenders. If any alteration is made or these instructions to Suppliers are not fully complied with the tender may be invalidated.

6.5 The conditions of contract included in this Invitation to tender apply. The Suppliers standard terms of business or trade will not be accepted.

6.6 Any requested changes to the conditions of contract must be detailed on the Contract Issues Memo document included for consideration. If this is not completed, it is assumed that the Supplier has accepted all terms and conditions detailed and no further changes will be accepted.

6.7 The Supplier shall be deemed to have satisfied itself as to the nature, extent and the content of the goods, services or works to be provided, the extent of staff required and all other matters, which may affect the tender.

6.8 All prices quoted to be GBP (unless otherwise requested in the Invitation to Tender) exclusive Value Added Tax and firm.

It is the Suppliers responsibility to ensure the tender is correct at the time of submission. No amendment to the tender will be allowed after the due date.

6.9 Any questions must be emailed to the main point of contact no less than five days before the return date. Note: questions/responses will be circulated anonymously to all Suppliers invited to tender. Tenders received after the closing date and time will not be considered.

6.10 The Customers Representative reserves the right to correct any omissions or inaccuracies in the Invitation to Tender and to clarify and/or amend any of the Customers’ requirements, up to seven days before the return of tenders.

6.11 All information supplied by RSSB must be treated in confidence and not disclosed to third parties except insofar as this is necessary to obtain sureties or tenders required during the preparation of the Tender. All information provided by Suppliers will be treated in confidence except in stances where references may be sought.

6.12 RSSB reserves the right to cancel this Tender at any point and any cost incurred in the preparation of this Tender is at the Bidder’s expense.

6.13 Tenders must remain open for acceptance for a period of 180 calendar days from the submission date.

6.14 The tenderer should include the following information as part of their tender response:

Legal entity name of Tenderer

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| --- |
|  |

Contact person's name, email address, telephone number and postal address for enquiries relating to this procurement

|  |
| --- |
| Name: |
| Postal address: |
| Telephone number: |
| Email address: |

Tenderer’s registered address

|  |
| --- |
|  |

Tenderer’s website address (if available)

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| --- |
|  |

Please tick the box for the legal form of the Tenderer

|  |
| --- |
| * Sole Trader * Partnership * Limited Liability Partnership * Private Limited Company * Public Limited Company * Local Council * Voluntary/ charitable/ not for profit organisation * Other (please specify below) |

If ‘Other’ has been selected from the question above please provide details.

|  |
| --- |
|  |

If your business is a registered company, charity or any other registered organisation (including limited, non-limited or Industrial and Provident Society), please state your registration number. This must be the registration number of the Tenderer, providing the country and date of incorporation / registration if other than the UK.

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|  |

Name of ultimate parent company (if this applies)

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| --- |
|  |

Companies House Registration number of ultimate parent company (if this applies)

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**Additional Notes**

* Fully answer the question given and consider the weighting for the section
* Explain how you will meet the criteria and provide evidence to support your response.
* Further reading on how to complete the tender is available in section 10

# 7.0 TENDER EVALUATION (SELECTION CRITERIA)

|  |  |  |
| --- | --- | --- |
| **Heading** | **Specific question(s)** | **Evaluation Criteria** |
| S1 Experience of the supplier in public procurement policy analysis | Please provide a short description of two projects in which you undertook public procurement policy analysis over the last two years. Please provide a short explanation on why they provide experience relevant to this project. | **Pass/Fail**  **Pass** = The tenderer provides two examples of projects they have undertook in the last two years of public procurement policy analysis of which both are relevant, in terms of experience, to this project.  **Fail** = The tenderer has not provided two examples, or less than two examples, of projects they have undertaken in the last two years of public procurement policy analysis or the projects provided are not relevant, in terms of experience, to this project. |
| S2 Experience of the organisation in designing and implementing stakeholder engagement campaigns | Please provide a short description of two research projects you have delivered to clients over the last two years demonstrating how stakeholder engagement was positively addressed within the projects. | **Pass/Fail**  **Pass** = The tenderer provides two or more short descriptions of two research projects they have delivered to clients over the last two years demonstrating, to a reasonably degree of quality, how stakeholder engagement was positively addressed within the projects.  **Fail** = The tenderer has not provided two or more short descriptions of two research projects they have delivered to clients over the last two years or the tenderer’s examples/descriptions are not of a reasonable degree of quality or the tenderer has not demonstrated how the stakeholders engagement was positively addressing within said examples/projects/descriptions. |

# 8.0 TENDER EVALUATION (AWARD CRITERIA)

8.1 **ITT Assessment**

**The Contract Award decision is solely based on the basis of Tenderer proposal and price offering.**

8.2 RSSB uses the following quality / price ratio to determine the outcome of the evaluation where quality (technical evaluation) and price are weighted and scored individually before being combined.

Quality 70%: Price 30%

8.3 Technical criteria are weighted and scored as a percentage of the maximum score available with a minimum quality threshold set.

**Technical Evaluation**

8.4 Tenders are assessed on how well they satisfy the technical evaluation criteria.

The relative importance of each criterion is established by giving it a percentage weighting so that all the weightings equal 100%. The Evaluation Matrix provides details of the weightings that RSSB will use in assessing Tenderer proposals.

The Technical Evaluation will be carried out using Tenderer responses to the tender specification using the scoring scheme (identified in Table below).

8.5 The scored responses are generally assessed out of a maximum of five (5). The Evaluation Panel will not be allowed to give partial scores (for example 3.5); however, once all scores are aggregated, the technical scores will be rounded to two decimal places prior to consolidating with the price evaluation.

8.6 The following shall constitute a failure to evidence satisfactory delivery of the requirement(s) of the procurement and will automatically disqualify the Tenderer:

1. A grade of zero (0) in any of the evaluated technical/quality questions in Section D of Schedule One (a) of Part B of the ITT before the weightings are applied; or
2. a grade of one (1) in more than one of the evaluated technical/quality questions in Section D of Schedule One (a) of Part B of the ITT before the weightings are applied

8.7 Those Tender Responses which fail to demonstrate satisfactory delivery of the requirement(s) of the procurement by reason of failing to achieve these minimum thresholds will be set aside and not considered further.

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| --- | --- |
| **Grade** | **Definition of grade** |
| 5 | A wholly excellent Tender Response that (where applicable):   * Addresses all aspects of the question in an informed and comprehensive manner; * Demonstrates a thorough understanding of what is being asked for; * Provides evidence of how that understanding can be applied in practice; * Offers full confidence that the Tenderer will deliver the service in full; * Addresses the majority of areas of doubt and uncertainty; and * Provides certain, unambiguous commitments or statements of intent that permit reliance through translation into contractual terms |
| 4 | * A good Tender Response that (where applicable): * Addresses all aspects of the question and is generally of a good standard; * Demonstrates a good understanding of what is being asked for; * Provides a worked-up methodical approach; * Offers confidence that the Tenderer will deliver the service in full with limited areas of doubt or uncertainty; * Addresses key areas of doubt and uncertainty; and * Provides commitments that can be translated well into contractual terms |
| 3 | A satisfactory Tender Response that (where applicable):   * Addresses the majority of the question and is generally of a good standard but lacks substance or detail in some areas; * Demonstrates an understanding of what is being asked for; * Provides a satisfactory approach; * Offers a general level of confidence that the Tenderer will deliver the service (but with room for doubt in some areas); * Address some areas of doubt and uncertainty; and * Provides some commitments that can be translated well into contractual terms. |
| 2 | A Tender Response that (where applicable):   * Addresses some of the question but *either* lacks relevant information and detail *or* lacks substance in a manner that would suggest the response is a “model answer”; * Demonstrates some understanding but with a lack of clarity in key areas; * Provides an approach which is not wholly appropriate or viable orlacks evidence; * Shows that the level of confidence that the supplier can deliver does not outweigh the doubt; * Does not address many areas of doubt and uncertainty; and * Does not offer sufficient commitment (with doubt as to the extent to which would translate into contractual terms) |
| 1 | A generally unsatisfactory Tenderer response that (where applicable):   * Does not address the question or has omissions; * Lacks understanding in significant areas: * Provides an approach which has gaps or creates concerns; * Shows that the level of confidence that the supplier can deliver is low; * Creates uncertainty; and * Displays significant lack of commitment (with doubt as to the extent to which would translate into contractual terms) |
| 0 | A wholly unsatisfactory Tenderer response that (where applicable):   * Provides no response or omissions/oversights that prevent scoring; * Refuses to deliver the requirement; and * Creates concerns so significant that the response would be detrimental to the interests of RSSB |

# 9.0 ITT Evaluation Matrix (Award Criteria)

|  |  |  |  |
| --- | --- | --- | --- |
| **Heading** | **Specific question(s)** | **Evaluation Criteria** | **Weight** |
| A.1. Summary of the proposal | The tenderer must provide a concise summary (in no more than two pages) highlighting the key aspects of the proposal.  The summary is not evaluated and is used to contextualise the Tenderer’s proposal. | For Information Only  This question is not scored | N/A |
| A.2 Method Statement -ability to meet deliverables | The tenderer should provide evidence (in no more than five pages): that it has the expertise to deliver this project by providing a method statement that sets out how it is intended to obtain, deliver and sustain the services for all aspects of the requirement. | The Tenderer’s response (in no more than five pages):   * Explains how they would apply their expertise to meet the specification, including how they would conduct the study; * Demonstrates their understanding of the objectives and provide a coherent and systematic approach to meet these objectives. * Has understood the requirements * Has proposed a credible and sound methodology * Has described how this will be applied to the specific challenges the work is set up to cover | 25% |
| A.3 Project management: resource, quality, time | Tenderers should outline (in no more than ten pages) the processes and resources it proposes to use in order to fulfil RSSB requirements.  Tenderers should:   1. Clearly identify each team member’s role; 2. Provide adequate allocation of appropriate resources against deliverables; 3. Demonstrate how they would work with RSSB and communicate and engage with relevant industry stakeholders to ensure that the quality and content of the deliverables are fit for purpose; 4. Explain how they would meet the critical success factors for this piece of research; | The tenderer’s response shows (in no more than ten pages) that it:   * Has identified relevant individuals to deliver the work; * Has provided a credible plan for delivering successful outcomes to time, quality and cost; * Has identified appropriate ways to engage with RSSB and relevant stakeholders; * Has identified suitable ways to address the project’s critical success factors; | 25% |
| A.4 Risks and Challenges | What risks and challenges do you foresee in this project? What mitigating actions will you take in relations to these risks?  Tenderers should provide, in no more than three pages, the risks and challenges that the tenderer foresees for this project as well as the mitigating actions:   * The tenderer provides a detailed and succinct Risk Register. * The tenderer identifies appropriate risks for this project. * The tenderer identifies appropriate challenges for this project. * The tenderer provides an in-depth statement of what mitigating actions will be taken by the tenderer in relation and with specific regard to each risk. * The tenderer demonstrates how they will overcome the challenges that have been identified for this project. | * The tenderer provides a detailed and succinct Risk Register. * The tenderer identifies appropriate risks for this project. * The tenderer identifies appropriate challenges for this project. * The tenderer provides an in-depth statement of what mitigating actions will be taken by the tenderer in relation and with specific regard to each risk. * The tenderer demonstrates how they will overcome the challenges that have been identified for this project. | 5% |
| A5. Communication | How will you ensure effective communication between? both yourself & RSSB? Additionally, how do you propose to communicate with key stakeholders | * The tenderer provides a well thought out and appropriate communication plan for communication between the tenderer and RSSB. * The tenderer communication plan is effective in its ability. * The tenderer provides a robust statement for communicating with key stakeholders. | 5% |
| A.6 Deliverables | The Tenderer must provide detail (in no more than two pages) on the project deliverables and their successful delivery, to include:   1. Clear understanding of and process plan for each deliverable 2. Process for review of deliverables and drafts | * The Tenderer’s response shows (in no more than 2 pages), that it:   + Has a clear plan for delivery of key deliverables, with process plan, milestones and target due dates.   + Has identified a robust review process that allows for iterations | 10% |
| A.7  Cost of project | Tenderers should:   * Provide a fixed cost for the project and the associated cost break down. | 1. The tender with the lowest total cost will receive 100% of the available weighted score (30%). 2. Other tenderer’s tenders will receive a pro-rated relative to the lowest cost according to the following formula:  * Score of other tender = lowest tender total cost / other tender total cost x 100%. | 30% |

# 10.0 PRICE EVALUATION

10.1 All prices quoted shall be in sterling (unless otherwise requested in the Tender Documents), exclusive of Value Added Tax and shall be firm.

10.2 A full and comprehensive breakdown of all costs and expenses to provide the goods, services or works requested in this invitation to tender must be provided and all assumptions must be clearly stated.

10.3 Failure to provide adequate detail may cause your tender to be judged non-compliant.

10.4 The construction of the price must be clear and easy to understand. Where appropriate the use of tables to show pricing is preferred. We require the following information:

* + - A breakdown by grade and named individual, indicating the number of days to be worked on each task and the daily rate to be charged.
    - A list of sub-contracts with prices and copies of quotations where available (a similar breakdown by grade, named individuals and rates, as above, is required where the sub-contract is for manpower).
    - Details of any other costs, such as hire charges for equipment.
    - Details of travel and subsistence and all expenses to be incurred. Mileage reclaim will be linked to maximum levels set by HMRC.
    - The above breakdowns should be further broken down into individual work packages.

# 11.0 TENDER EVALUATION CRITERIA AND MINIMUM REQUIREMENTS

11.1 In evaluating tenders, the most economically advantageous tender(s) will be sought. This will be using the evaluation criteria and weightings detailed in **ITT Evaluation Matrix** **Award Criteria**.

11.2 The evaluation criteria detail the minimum requirements. Therefore, any tender which cannot demonstrate that it meets any of the minimum requirements will not be marked and will automatically score zero.

Tenderers are advised to carefully consider the attached specifications, ask clarification questions to ensure these are understood.

# 12.0 CONDITIONS OF CONTRACT

The terms and conditions of the contract are contained with a separate document.

**Qualification of the Contract**

Where Tenderers have any queries or concerns with any specific condition of the terms and conditions of the contract, these should be submitted in writing to **shareditt@rssb.co.uk** as soon as possible, and in any case no later than 10 days prior to the deadline for submission of tenders.  Please ensure the specific condition(s) and proposed amendment(s) are provided.  These will be reviewed by RSSB on a case by case basis, and, if accepted, revised terms and conditions will be issued to all Tenderers.  Failure to accept the terms and conditions of the contract or to qualify the tender in any way, may result in the tender being rejected by RSSB.

## 13.0 RSSB Company Information

***Insert Work Package Title*Introduction**

RSSB was established in April 2003. The Company’s primary objective is to facilitate the railway industry’s work to achieve continuous improvement in the health and safety performance of the railways in Great Britain, and thus to facilitate the reduction of risk to passengers, employees and the affected public. The railway is a complex system with multiple interfaces delivered by many different organisations. At RSSB we bring these different organisations together to make collective decisions. We help the rail industry carry out research, understand risk, set standards and improve performance. We provide a constant point of reference in a changing environment.

We support rail in the areas of safety standards, knowledge and innovation and a wide range of cross- industry schemes requiring our knowledge and independence. Our work involves close collaboration, but as technical experts we also appoint suppliers in the wider market to provide an informed view.

**Key elements of the company’s remit are to:**

* Manage Railway Group Standards on behalf of the industry
* Lead the development of long-term safety strategy for the industry, including the publication of annual Railway Strategic Safety Plans
* Propose change through facilitation of the research and development programme, education and awareness
* Measure, report and inform on health and safety performance, safety intelligence, trends, data and risk
* Support cross-industry groups in national programmes which address major areas of safety concern
* Facilitate the effective representation of the UK rail industry in the development of European legislation and standards that impact on the rail system

RSSB is a not-for-profit company owned by major industry stakeholders. The company is limited by guarantee and is governed by its members, a board and an advisory committee. It is independent of any single railway company and of their commercial interests.

# Background

## RSSB Overview

*RSSB* is a membership organisation in the railway that helps industry by understanding risk, guiding standards and managing research. The rail industry in Britain is made up of many different organisations, but they all form a system and share a common purpose, to move people and freight safely and efficiently by rail. *RSSB* brings all parts of this system together to make collective decisions, products and services, to help industry drive out unnecessary cost, improve business performance and develop long-term strategies.

*RSSB’s* activities include:

* **Understanding risk –** Using safety intelligence from across the rail industry and elsewhere with the latest risk modelling to inform members and support safe decision making.
* **Guiding standards** – Creating, reviewing and simplifying GB standards to align with European requirements; managing the *Rule Book* and making it easier for the railway to deliver efficiently and safely.
* **Managing research, development and innovation** – Undertaking, commissioning and managing research and innovation programmes to address current needs, provide knowledge for decision making now and for the future, and promoting step changes to deliver the *Rail Technical Strategy*.
* **Collaborating to improve** – As an independent cross-industry body with a critical mass of technical expertise, supporting activities which require collaboration. These range from supplier assurance schemes (*RISQS, RISAS*) to confidential reporting (*CIRAS*), from health and wellbeing strategies to sustainability principles.

**Specification**

Specification for Research Project

Identifying best practices in how public procurement can support the uptake of innovation in risk averse industries

# Background

This project is part of a wider longer term project programme to ensure that innovation within the UK rail industry is supported also via public procurement.

**McNulty Report**

To help build a long term vision of more sustainable financial and organisational platforms for future growth, the UK’s Department for Transport (DfT) and the Office of Rail Regulation jointly commissioned a study (McNulty, 2011). This examined the UK rail business and made recommendations to improve its value for money.

The McNulty report concluded that more effective innovation in UK rail could deliver savings across the whole industry of around £190 million pa, additional benefits such as customer satisfaction are also expected to be considerable. In addition to the strong domestic business case for introducing industry innovation enablers, the potential global market for rail innovation is also considerable. Returns on innovation investment in other industries ranging from 3:1 to 10:1 provide a realistic expectation that the rail industry should be able to achieve at least a 3:1 return.

McNulty’s findings included the following observations relating to procurement:

1. DfT procurement models of short franchises, with detailed specification, provides weak incentives for TOCs to tackle unit costs
2. The current [in 2010], centrally procured model (particularly in relation to Northern and TransPennine Express (TPE) franchises presents a barrier to achieving the benefits that such trade-off [between regional/ local bodies] might bring.
3. Less specificity in franchise procurement could help to address barriers to innovation, allowing TICs more scope to flex their outputs, and hence their costs, in response to passenger demand.
4. There is potential merit in an alternative procurement model based on price-based franchises.
5. A key barrier in procurement was a spreading and thinning of procurement expertise

**Post McNulty Response**

There have been number of client initiatives aimed at improving the industry capabilities in these areas, including; Innovation in Franchising Pilot Funding, Need for innovation strategy in franchise bids and Residual Value Mechanism.

**Market failure: Post McNulty Evidence**

However recent evidence still suggests that more could be done in the space of client leadership as suggested by the following studies:

|  |  |  |
| --- | --- | --- |
| Source | Date(s) | Pertinent Finding(s) |
| Georghiou *et al*, Policy instruments for public procurement of innovation:  Choice, design and assessment | Sep 2013 | * Policy design has been underpinned largely by anecdotal evidence and without a clear theoretical or empirical basis for understanding how supplying to the public sector actually influences a firm's innovation capabilities and performance and in what ways desirable behaviour and outcomes can be promoted. |
| NESTA: why motivation matters in public sector innovation | Dec 2014 | * Harnessing the motivation of public servants to innovate has been overlooked. * There are also some big gaps in our knowledge about what works in particular circumstances. |
| ICMM survey results covering over 800 respondents in 26 organisations. | Jan 2014-Nov 2015 | * Regulations can have a significant impact on innovation; positive or negative. * Government funding attracts further processes which can stifle project outcomes. * Short term nature of franchises causing short term business planning, therefore functioning RV mechanism is critical. |

**Rail Supply Group**

The Rail Supply Group (RSG) was established in partnership with Government (BIS and DFT) with the aim of strengthening the capability and competitiveness of the UK rail supply chain to grow business in the UK and abroad. In January 2015 the RSG published “Fast Track for Growth” which states its vision and highlights the development of a Rail Sector strategy.

To support the development of the strategy, FutureRailway (RSSB) commissioned several projects to provide a supporting evidence base, these include (but not limited to):

* Capability Mapping delivered by AD Little (http://www.futurerailway.org/innovation/Pages/Strategic-programmes.aspx )
* SWOT analysis being delivered by AD Little
* ( <https://www.rssb.co.uk/Library/groups-and-committees/2015-12-08-report-rssb-uk-rail-supply-swot-fourth-draft-submitted.pdf> )
* T934: Enabling technical innovation in the GB rail industry: barriers and solutions

The UK rail supply chain faces several challenges in realising its full potential. In particular, short-term investment cycles, which are derived from a disaggregated industry structure and regulatory planning processes, can restrict long-term investment in innovation. This is exacerbated by the risk-averse nature of the industry and the lack of incentives to introduce innovation into projects. This is the result of a range of factors, including costs and benefits sitting under different legal entities, approaches based on short-term delivery rather than meeting ambitious outcomes, and a culture that is understandably focused on standards and safety

The Rail Sector strategy is intended to be the foundation for a more effective collaboration between the rail supply chain and Government. The document identifies four key work streams that will lead the delivery of the Rail Sector Strategy. They are; Creating Market Conditions for Growth, Accelerating Uptake of Innovation, Investing in People and Skills, and Growing Exports and Inward Investment.

In order to accelerate the uptake of Innovation, the sector strategy outlined a number of commitments, including:

1. Enabling innovation in the market through an Innovation Leadership Steering Group
2. Embedding innovation by championing a code of practice
3. Supporting collaboration between suppliers by establishing a framework
4. Leading innovation in five technology areas through centres of excellence
5. Developing options to transform UK test facilities
6. Streamlining product approval processes in line with customer and supplier needs
7. Driving continuous improvement through self-assessment

Identifying best practices in how public procurement can support the uptake of innovation in risk averse industries will principally support commitment no. 2, ‘Embedding innovation by championing a code of practice’.

The guidance will establish a common standard for:

* Scoping and communicating ambitious, outcome-based business challenges to suppliers;
* Promoting clear messages to the market to encourage investment in advance of tendering;
* Assessing innovation including clear award criteria;
* Setting sufficient timelines to develop innovative solutions;
* Addressing risk-averse behaviour in project management.

# Work package objectives

The objective of this project is to investigate how government and buyers in the railway sector abroad and in other industries in the UK utilise public procurement as a tool to support the uptake of innovation in a risk averse environment. Furthermore, the project aims at identifying, among these, good practices and assess their replicability in the GB rail sector, by providing a set of recommendations for the Department for Transport and other buyers to support them in implementing them.

# Scope

|  |  |
| --- | --- |
| **In scope** | **Out of scope** |
| * Analyse how public procurement supports innovation in the rail sector in other countries (specified below) * Assess how public procurement supports innovation in the rail sector in other industries in the UK (specified below) * Identify and analyse good practices * Draft recommendations on their applicability in the GB rail sector | * Funding programmes using grants and competitions |

# Methodology

It is recognised that suppliers may well be better placed to define the approach taken to deliver this work than RSSB, so RSSB does not wish to mandate a given approach. The following approach is therefore only a suggestion and for the suppliers’ consideration.

**WP1: Collating a wide range of best practices from rail and other risk averse industries across countries**

BPs to be collated from a range of industries including (but not limited):

|  |  |
| --- | --- |
| * Rail (from other countries, see below) * Water * Automotive / Highways * Defence | * Aerospace * Healthcare * Energy |

The contractor will identify and collate BPs from the rail sector in the following countries:

|  |  |
| --- | --- |
| * France * Germany * Italy * Spain | * Austria * USA * Japan |

BPs are expected to cover the full range of aspects that contribute to Innovation Capability at an Industry Level, as detailed in the table below.

|  |  |
| --- | --- |
| Competitive Environment | Government regulatory regime |
| Government funding and support programmes |
| Recognizing and valuing innovation as an integral part of the tender process for major contracts |
| Contractual mechanisms for major contracts to provide incentives and rewards to innovate during the full life of the contract |
| Strategic Alignment | Clear, common vision for innovation in the industry that connects near-term actions to long-term goals |
| Stability of common vision over time for innovation, with clear parameters in place indicating when/how it might change |
| Extent that industry leaders share their technology roadmaps to align investment and obsolescence decisions |
| Regulator consultation with industry stakeholders on major cross value chain investment and obsolescence decisions |
| Clear leadership and progress for the innovation agenda in the industry |
| Coherence of industry’s innovation approach coherent with wider national, EU and International business agendas |
| Internal Innovation Activities | Extent of suitable technology and safety specifications and standards in place to focus innovation across the value chain |
| Effectiveness of leading industry organizations to engage stakeholders across the value chain in setting appropriate standards |
| External Innovation Activities | Industry forums/ interfaces existence/ effectiveness to facilitate the peer to peer exchange of ideas |
| Effectiveness of industry to manage the sharing of data to support cross-enterprise business change efforts |
| Extent that industry supports and promotes an open market for ideas to fuel and monetize innovations. |
| Ability to protect IP across the industry |
| Organisation | Effectiveness of industry leaders to set up and use shared testing facilities |
| Extent that cross-industry organizations facilitate the sharing of key innovation learnings |
| Extent of a clear decision making process around industry wide innovation initiatives |
| Extent of the industry to facilitate risk-sharing business models to promote development in risky and costly areas |
| Culture | Extent of industry behaviours across the value chain focusing on end consumer (e.g. travelling passenger/ energy user/ patient/ etc.) experience |
| Extent that industry behaviours actively encourage thoughtful risk and opportunity taking |
| Extent of industry networking and collaboration behaviours accelerating and sustaining two way learning |
| Effectiveness of tracking innovation capabilities and behaviours at industry level |

Best practices will be collated through a two-stage approach:

1. Literature review (Industrial Strategies, Industry Reports, etc.) to identify the range of BPs and key target areas for intervention. As part of this, the contractor will take into consideration also the work already performed in the context of RSSB’s report Innovation in risk averse industries[[1]](#footnote-1).
2. Interviews with selected representatives from other industries and countries to explore insights gained during the literature review and highlight new areas for consideration. The contractor will carry out at least 65 interviews, as follows:
   1. 1 interview with representatives from the relevant government departments managing procurement in the other sectors identified above;
   2. 4 telephone interviews with businesses in each of the sectors identified above;
   3. 1 telephone interview with representatives from the relevant government departments managing procurement in rail in the countries identified;
   4. 4 telephone interviews with businesses in the rail industry in each of the countries identified above.

**WP2: Assess applicability of best practices to UK rail**

In order to ensure effective best practice (BP) transfer, it essential that suitable BPs are identified which take into account the context of both originator and target industries/ organisations. In order to achieve this, we require an understanding of the complex set of interacting activities which are occurring within the originator and target industry.

The contractor will provide a set of policy recommendations on how to transfer the identified best practices into the UK system. For each best practice the contractor will provide:

* The rationale behind its selection, based on the evidence collected;
* A description of the key elements of the process identified;
* A comparison with UK relevant practices;
* An analysis of the risks and challenges associated with the identified practices;
* A set of recommendations for their applicability in the UK system.

**WP3: Draw out pertinent considerations**

Develop a set of pragmatic principles that if adopted and implemented by industry could enable innovation from the client perspective. This should include enabling innovation through the asset management life cycle:

1. Procurement: what tools do public buyers have to support the uptake of innovation? How can they improve the innovation environment through procurement? What measures can stimulate innovation in the private sector?
2. Risk management: what are the criteria to assess the risk of buying innovation? What are the risk in supporting innovation through public procurement? What principles can be applied to model risk and devise mitigation measures
3. Project development and management: what are the elements to take into consideration when starting a purchasing process?
4. In life monitoring / review: what are the elements to evaluate to understand how effective is public spending being at supporting innovation?
5. Feedback loops which inform decisions on subsequent projects: how long is a project monitored after its official closure? What data is assessed?

# Deliverables

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | |  |  | | --- | --- | | **Deliverable Name** | **Type** | | Comprehensive literature review | Report | | Description | | | **This will include the collection and analysis of the current literature on the subject matter.**  **Implementation Action Needed**: N/A  **Publication Stream**: All SPARK users and web | | |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | |  |  | | --- | --- | | **Deliverable Name** | **Type** | | Source data | Database | | Description | | | **This report will capture the write-ups of the interview performed used to conduct the analysis**  **Implementation Action Needed**: N/A  **Publication Stream**: confidential | | |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | |  |  | | --- | --- | | **Deliverable Name** | **Type** | | Identification of best practices | Report | | Description | | | **Report summarizing the best practices identified and their applicability in the UK**  **Implementation Action Needed**: N/A  **Publication Stream**: confidential | | |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | |  |  | | --- | --- | | **Deliverable Name** | **Type** | | Final report and recommendations | Report | | Description | | | **Report outlining the identified best practices, their applicability and the relevant recommendations for the Department for Transport and buyers**  **Implementation Action Needed**: N/A  **Publication Stream**: All SPARK users and web | | |

# Stakeholders roles and responsibilities

|  |  |  |
| --- | --- | --- |
|  | **General role in project** | **Specific role in acceptance of deliverables** |
| Delivery manager | The RSSB delivery manager is the first point of contact during project delivery. The delivery manager responsible for the detailed project management including project schedules, cost reporting and other relevant project management tasks.  The delivery manager leads the project in organising meetings, etc and ensures timely and effective delivery towards project objectives. | Facilitates technical review and acceptance processes, identifies and monitors corrective actions where needed, including facilitating decision making. |
| Industry and RSSB sponsor | The Industry and RSSB sponsors act as a figurehead for the research, championing its importance and its outputs.  Their key role is to provide steer to the research as it progresses and exert pressure on the industry to make use of its findings. | Formally accepts deliverables |
| Project supporters | The project supporters represent parts of industry complementary to the champion’s organisation. They offer expertise for effective project delivery and support the implementation of findings led by the champion through networking, advice and other support. | Formally accepts deliverables |
| Project steering group | The project steering group ensures the project delivers to industry needs.  As such, it helps formulate specifications, assesses tenders, reviews draft and final outputs and other relevant tasks. | Formally accepts deliverables |

# Budget, timescales and dependencies

The budget for this work is up to £100,000. Any bid above this value will need to provide detailed explanation on why the supplier doesn’t feel that the budget is adequate and in such case, we strongly encourage suppliers to provide costed options for RSSB to consider.

Collaboration between different companies is encouraged and proposals can be submitted by individual suppliers or consortiums.

The work is expected to start in January 2018 and be completed by June 2018. These are indicative dates and RSSB is prepared to consider bids that vary from these expectations if they have a robust and realistic project plan, and an explanation of changes to the proposed start and end dates.

The following dependencies have been recognised:

* The development of this research will use, among the others, the outputs from project S265 - ‘Innovation in Risk Averse Industries’.

# Critical success factors and risk management

Critical Success Factors include:

* Experienced project team with clear understanding of the subject matter.
* Clear methodology.
* Clearly defined goals.

The following risks have been identified:

* Low response rate for the interviews.
* Access to relevant data. In the event of data not being available as needed, a way forward will need to be discussed and agreed with the steering group.

**Appendix X Form of Tender**

This section outlines how the offer from the Tenderer is to be constructed. Please return this Tender Declaration along with your Tender and retain a copy for your records.

Having examined the ITT email, the Instructions to Tenderers, the Information Required From Tenderers, the Conditions of Contract, the Specification and this Form of Tender (the “Tender Documents”), we offer to supply all/part of (delete as applicable) the goods, services or works specified in these Tender Documents.

We undertake if selected, to perform the contract in accordance with the Tender Documents, including the Conditions of Contract contained herein.

We agree that this tender shall remain open for acceptance by the Customer for 180 days from the date stipulated for the return of tenders.

We understand that you are not bound to accept the lowest, or any tender you may receive.

We certify that this is a bona fide tender, and that we have not fixed or adjusted the amount of the tender by or under or in accordance with any agreement or arrangement with any other person. We also certify that we have not done and we undertake that we will not do, at any time before the hour and date specified for the return of this tender, any of the following acts:

1. Communicate to a person, other than the person calling for the tenders, the amount or approximate amount of the proposed tender. Except where the disclosure, in confidence, of the approximate amount of the tender was necessary to obtain insurance premium quotations required for the preparation of the tender.
2. Enter into an agreement or arrangement with any other person that he shall refrain from tendering or as to the amount of any tender to be submitted.
3. Offer or pay or give or agree to pay or give, any sum of money or valuable consideration directly or indirectly to any person, for doing or having done or causing or having caused to be done, in relation to any other tender or proposed tender for the said goods, services or works, any act or thing of the sort described herein.

We recognise that the Customer reserves the right to clarify details of our offer prior to the award of any contract.

We hereby undertake that the period during which this tender remains open for acceptance not to divulge to any persons, other than the persons to whom the tender is to be submitted, any information relating to the submission of this tender or the details contained therein except where such is necessary for the purpose of submission of this tender.

**Appendix X Subcontractors**

All suppliers to RSSB are asked to provide details of all sub-contractors that will be used to perform the contract.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Name & Address of Sub-Contractor | | Service performed for Contractor | Provide details of staff numbers[[2]](#footnote-2) | Provide latest year’s turnover |
| Name: |  |  |  |  |
| Address: |  |
| Name: |  |  |  |  |
| Address: |  |
| Name: |  |  |  |  |
| Address: |  |

**Appendix X Conflicts** **of** **Interest**

**Tenderers have a continuing duty to disclose actual or potential conflicts of interest in respect of itself, its named sub-contractors and / or consortia members.**

**Please describe any (potential) conflicts of interest that the Tenderer has identified and how these will be managed\*:**

If you **DO** **NOT** have any conflicts to declare, please tick this box:

Tenderers are reminded that failure to identify material conflicts of interest may lead to rejection of its tender response.

Guidance to Tenderers:

Tenderers should describe in the detail the perceived conflict (how it could be perceived in the context of this procurement) and the measures it will take to mitigate the conflict through the procurement life-cycle and service delivery

1. [RSSB, Innovation in Risk Averse Industries, 2016](https://www.sparkrail.org/Lists/Records/DispForm.aspx?ID=24330) [↑](#footnote-ref-1)
2. This is the average annual numbers of both staff and managerial staff employed over the last trading year [↑](#footnote-ref-2)