

OFFICIAL-SENSITIVE (COMMERCIAL)



Commissioning Letter

**I.F.F Research Ltd
5th Floor, St Magnus House,
3 Lower Thames Street
London
EC3R 6HD**

Friday, 8th February 2019

Dear [REDACTED]

**BIS Research and Evaluation Framework Agreement – Lot 3
Primary research on regulatory approaches and their impact on innovative
businesses
CR18196**

Thank you for your response to the Specification for the above commission by the Department for Business, Energy and Industrial Strategy (BEIS) (the Customer) through the BIS Research and Evaluation Framework dated 2 January 2016 between (1) Secretary of State for Business, Innovation and Skills; and (2) I.F.F Research Ltd (the Framework Agreement).

**Appendixes: A. Tender dated Monday 21st January 2019
B. Specification for Primary research on regulatory approaches and their
Impact on innovative businesses**

The Department for Business, Energy and Industrial Strategy (BEIS) accepts your Tender (Appendix A), submitted in response to our Specification (Appendix B).

The Call-Off Terms and Conditions for this Contract are those set out in Schedule 5 to the Framework.

The agreed total charges for this assignment are **£49,511.25** exclusive of VAT which should be added at the prevailing rate, as per the below price schedule.

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MATERIALS SUPPLIER:	CITYSIS
WORKING AGREEMENT TITLE:	File and print work on all planning approvals and Part 8 applications - <small>Intermediate Standard 001</small>
ISSUE NAME:	SV Overwork Ltd
Please Complete the attached pro-forma BIDDING AG.	

Please note that the pro-forma Bidding AG should record the pro-forma cost outlined in section 8. Bidders should provide further detail around the project name and the breakdown of each date.

The Agreement for work on the pro-forma BIDDING AG provided in Section 9. The total cost to the pro-forma BIDDING AG and the total Total and Sub-totals, Standard rates, sum of production of materials and capital costs associated with the delivery of the project for VST.

Section 9 Total Project Costs (Summary)

Category	Number of Days	Value (£)	Value (£)
A. Research			
B. Data processing/management			
C. Planning/overhead/management			
D. Design			
E. Production			
F. Project Management			
G. Reporting			
H. Post production			
TOTAL			

Section 10 Total BIDDING AG Costs (Summary)

Job Title	Standard BIDDING AG rate (£/day)	Discounted Rate/Rate excluding VAT (£/day)	Quantity Area (Please Refer)	Number of Days	Sub-totals, Standard rates, sum of production of materials and capital costs associated with the delivery of the project for VST	Total BIDDING AG Cost (£)	Total Cost (£ = VST)
			1. Research				
			2. Data processing/management				
			3. Planning/overhead/management				
			4. Design				
			5. Production				
			6. Project Management				
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			8. Post production				
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Polaris House, North Star Avenue, Swindon, Wiltshire, SN2 1FF www.ukbsbs.co.uk FALLBID APR 2016
 UK Shared Business Services Ltd (UKSBS). Registered in England and Wales as a limited company.
 Company Number 0630206, Registered Office Polaris House, North Star Avenue, Swindon, Wiltshire SN2 1FF

The agreed invoice schedule is as follows:

[REDACTED]

All Invoices should be sent to finance@services.ukpbs.co.uk or Billingham (UKSBS, Queensway House, West Precinct, Billingham, TS23 2NF) A copy of the Invoice should be sent to the Project manager.

You are reminded that any Customer Intellectual Property Rights provided in order to perform the Services will remain the property of the Customer. The following deliverables have been agreed:

The Services Commencement Date is 11/02/2019

The Completion date is 01/05/2019

The Contract may be terminated for convenience by giving 30 days' notice in accordance with clause 38 of the Call-off Terms and Conditions.

The Authorised Representative for this Commission will be [REDACTED] who can be contacted at [REDACTED]

Until the date of publication, findings from all Project outputs shall be treated as confidential. Findings shall not be released to the press or disseminated in any way or at any time prior to publication without approval of the Department.

This clause applies at all times prior to publication of the final report. Where the Contractor wishes to issue a Press Notice or other publicity material containing findings from the Project, notification of plans, including timing and drafts of planned releases shall be submitted by the Contractor to the Project Manager at least one week before the intended date of release and before any agreement is made with press or other external audiences, to allow the Department time to comment on factual accuracy. All Press Notices released by the Department or the Contractor shall state the full title of the research report, and include a hyperlink to the Department's research web pages, and any other web pages as relevant, to access the publication/s.

This clause applies at all times prior to publication of the final report and within one month from the date of publication. Where the Contractor wishes to present findings from the Project in the public domain, for example at conferences, seminars, or in journal articles, the Contractor shall notify the Project Manager before any agreement is made with external audiences, to allow the Department time to consider the request. The Contractor shall only present findings that will already be in the public domain at the time of presentation, unless otherwise agreed with the Department.

Congratulations on your success in being selected to undertake this Commission.

Yours sincerely

[REDACTED]
Category Specialist

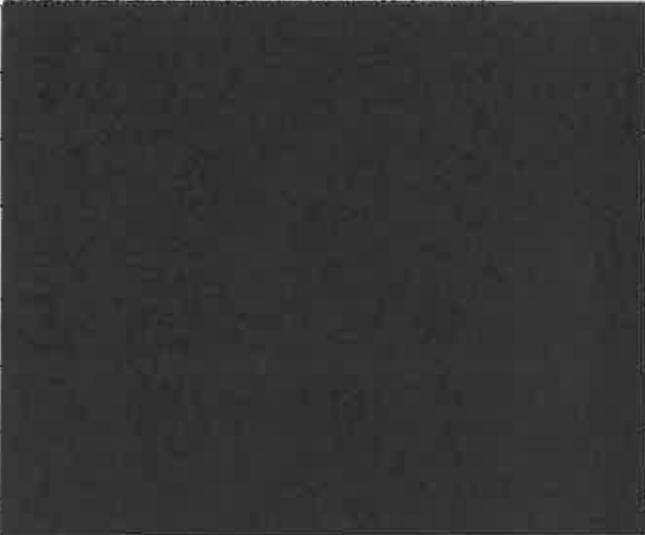
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UK Shared Business Services Ltd

BY SIGNING AND RETURNING THIS COMMISSIONING LETTER THE SERVICE PROVIDER AGREES to enter a legally binding contract with the Customer to provide to the Customer the Services specified in this Commissioning Letter and Annexes incorporating the rights and obligations in the Call-off Terms and Conditions set out in the Framework Agreement.

Department for Business, Energy and Industrial Strategy (BEIS)

Name and Title			
Signature			
Date			
IFF Research			
Name and Title			
Signature			
Date			

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Appendix A – Tender
Response

Prel 1.1 Approach

Overview

The Department for Business, Energy, and Industrial Strategy needs to build its evidence base around the impact that regulators can have on “innovator” businesses and the decisions they make

The high-level objectives of this study will be to assess:

- The issues innovators are having when engaging with regulators;
- The impact of their engagement; and
- What elements of their engagement has been beneficial or detrimental to their innovation.

We are delighted to have the opportunity to present proposals to undertake this project for which we believe ourselves uniquely well positioned. As business research specialists with extensive experience of working with regulators, this sits squarely in our field of expertise.

Furthermore, IFF has the capacity and capability to conduct the study entirely in-house with no need for any sub-contracting, and you can be assured of our ability to deliver this study to the required timescales and to a high standard

Sampling

As we see it, the key challenge for the study will be to identify and recruit appropriate businesses.

We take from the brief that in-scope businesses should:

- Sit within sectors regulated by those who are adopting innovation-friendly approaches; and
- Be “innovators”.

We therefore propose a two-stage approach to building a sampling frame, the first of which will be to identify the regulators, and therefore the sectors, to cover. We note the three examples cited in the ITT¹ and suggest that we include these sectors as a starting point. Ideally, we would supplement these with some additional sectors – our suggestion would be a further three, so six in total. We will work with you to agree these; for now, we have conducted an initial review of UK regulators’ innovation activity and identified three for your consideration, all of whom are undertaking activities around innovation:

- Solicitors’ Regulation Authority²;
- The Pensions Regulator³; and
- The Food Standards Agency⁴.

¹ The Financial Conduct Authority, the Medicines and Healthcare products Regulatory Agency, and Ofcom

² <https://www.sra.org.uk/what-we-do/innovation.aspx>

³ https://www.gov.uk/government/uploads/attachment_data/file/431007/food-standards-agency-innovation-in-regulation.pdf

⁴ https://www.gov.uk/government/uploads/attachment_data/file/431007/food-standards-agency-innovation-in-regulation.pdf

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We believe these six regulators not only provide a good coverage of different industry sectors, but also will cover a range of innovation-friendly activities; from the specific such as the FCA's Sandbox, to the more general strategies such as that of The Pensions Regulator.

At IFF, we have considerable experience of working with regulators – indeed four of the six proposed selected regulators are our clients, and we have a track record of interviewing businesses which fall under their remit.

The second stage would be to identify businesses operating within the sectors covered by these regulators. We understand that BEIS can provide some assistance with introductions to the relevant individuals within regulators, and we will be happy to pursue options for sourcing business sample through that route, as well as having introductory discussions with their representatives. However, our working assumption is that neither BEIS nor the regulators will be able to provide us with (sufficient) business records across all the relevant sectors. Our core proposal is therefore to source business records ourselves using Market Location's business database. We use Market Location (ML) for many of our large business surveys (including surveys for DfE, HMRC, the Competition and Markets Authority and BEIS), as we find the quality and coverage of the data supplied compares favourably to other providers. ML have coverage of over 97% of the UK's trading companies, and are a data owner rather than a data aggregator, licensing data to 97% of the UK's business directories, including D&B. Their practice in incorporating new business phone lines and company registrations is particularly advanced, and this would allow us to better pick up new businesses and reduce time-lags from a business birth to inclusion in the sample. ML are also unique in that on a 12-month update cycle, all the data they hold is phoned to be cleaned and validated by an in-house contact centre – this means businesses are less likely to: i) have an incorrect telephone number; and ii) screen out because they no longer meet the set sample criteria.

The Market Location database will not, however, have a marker for whether each business is an "innovator". We will therefore need to screen for this eligibility criteria upon recruitment. There could be any number of definitions of an innovative business, but our proposal is to use the classification, and replicate the questions, from the UK Innovation Survey (detailed in the brief). Headline findings from 2017 suggest that we can expect around half of businesses to be eligible.

Other than screening for "innovator" status, we do not suggest any further screening. Within the chosen sectors, all businesses should have had some form of interaction with the appropriate regulator and should therefore be considered in scope. However, we will monitor for involvement in regulators' specific "innovation-friendly" activities and use this as a consideration at the analysis stage.

We will conduct 48 depth interviews in total and propose to split this evenly across the 6 regulatory sectors (8 in each).

Other than stratifying by sector, we suggest employing a random sampling approach – this should allow factors such as size and region to fall out naturally and create a good spread within the sample of interviewed businesses.

We will need to speak to the individual at the business responsible for dealing with the appropriate regulator. As part of our recruitment process we will screen to identify the correct person to interview within each business. Based on our experience of similar research the appropriate individual will typically be the owner/Managing Director for smaller organisations but may be Finance Director or equivalent for larger businesses. However, please note the correct person to interview will be driven by the organisation itself in response to our positioning of the research.

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Recruitment and maximising response

Once we have drawn the sample, we would ideally approach each business with an advance letter. This would be on BEIS headed paper and signed by a senior individual at the Department. An advance letter serves to alert the target respondents to the research, highlight its significance, and provide reassurance of its bona fide credentials.

However, given the challenging timetable, we will need to proceed straight to telephone contact, although we would still recommend composing such a letter for purposes of providing reassurance on request via email during recruitment.

All recruitment would be carried out via telephone by IFF's large and experienced team of specialist business recruiters. Our interviewers are highly skilled in the art of identifying the right person in an organisation to interview, getting past obstructive gatekeepers, and persuading busy people to take part in research. The small team of senior recruiters that we will use for this study will have considerable experience of working on similar high-profile projects

To maximise recruitment rates, we also employ the following approaches

- Through the persuasiveness of our qualitative recruiters. Our in-house recruiters spend their working lives setting up in-depth interviews with business audiences. They are briefed face-to-face by the project directors – supported by written briefing notes and a recruitment script – which means they are well-equipped to 'sell' the study purpose to potential participants and allay any concerns. Interview appointments are supported by confirmation emails/letters and reminder calls to minimise drop-out.
- By reassuring potential participants: Talking to customers about regulatory issues could lead to a perception that BEIS are 'checking up' on people. To encourage both participation and honesty/candour of responses, we will clearly explain who the research is for and why it is being undertaken ensuring that customers understand participation is voluntary and that responses will be treated in confidence. Verbal reassurances can be reinforced by a reassurance email / letter.
- Through flexibility in when and where interviews take place: Participants will choose the interview time (and location if face-to-face), which helps put participants at ease (encouraging honesty/candour) and makes them less likely to drop out (as we are 'coming to them'). We would be flexible about scheduling and re-scheduling interviews – including during the evening and at weekends – to encourage participation.
- By considering offering a charitable donation: We suggest offering participants a £25 (for a telephone interview) or £50 (for a face to face interview) charitable donation to a charity of their choice to encourage participation. IFF would note the charity and administer this on the respondent's behalf.

Fieldwork

We propose that the majority of interviewing takes place over the telephone. A telephone approach enjoys the benefit of being able to contact businesses in geographically dispersed areas with no cost implications and as they are typically viewed as less burdensome by respondents they are quicker to arrange which helps when meeting tight project timings.

However, we also appreciate that there are some advantages to interviewing face-to-face: primarily in this case to cater to individuals' preferences and to allow for any accessibility requirements. For costing purposes, we have assumed that up to 12 interviews are conducted face-to-face, with the remainder taking place via telephone

Interviews would all be conducted by members of the core research team and a small team of specialist qualitative interviewers. We anticipate they will last up to 45 minutes

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It is possible that some businesses may be less forthcoming in some areas if they are concerned about their relationship with the regulator and the impact they can have on their company. Eliciting this type of information requires sensitive interviewing from experienced interviewers that empathises with respondents to coax and encourage response rather than simply interrogate. IFF has a great deal of experience in interviewing on complex subjects. We would use our highly experienced team of qualitative interviewers to maximise the effectiveness of our interviewing and ensure that we obtain relevant and informative responses.

Interviews will consist largely of open questions (in contrast to a fully structured questionnaire). However, we are conscious of the need to gather some quantitative information consistently across the interviewees. Therefore, we also expect to include a number of closed questions.

The discussion guide would be piloted within the first five depth interviews, all of which would be conducted by senior members of the research team (to give them direct exposure to how the materials are working). Any proposed changes would be submitted to BEIS in writing for discussion and approval.

Discussion guide design

We see well-designed guides as being vital to ensuring the objectives for this study are fully realised. Although we have more flexibility when using a guide as opposed to a quantitative, scripted questionnaire, the design and structure of the guide should not be overlooked.

Following the inception meeting, we would produce a draft version of the guide – this will be closely informed by the research questions set out in the FIT but will also incorporate any key elements covered in the inception meeting and in any subsequently provided literature. We would then work closely with you to develop and refine the guide for the interviews. This would be an iterative process of drafts and comment until we are both confident that the guide covers all question areas in the level of detail necessary and probes and explores responses where necessary.

At this stage, we envisage the discussion guide will cover the following:

- What are their main challenges in terms of complying with regulation;
- To what extent, and how, has this hindered their activities – generally, and specifically relating to innovative products, services, and processes;
- What kind of engagement have they had with their regulator;
- What has been the impact of this engagement – positive and negative;
- In their experience, what can regulators do more/less of to increase innovation in their sector; and
- When testing new products or services, what involvement would they like from the regulator, and at what stage.

Any interviewing around regulation can be sensitive and could be perceived as an attempt to “catch them out”. It is vital to elicit honest responses from respondents by assuring them of their anonymity and of the confidentiality of the research.

Analysis

Qualitative analysis begins within the discussion itself. Within the session, the researcher continually weighs up the implications of what the participant says – and devises relevant follow-up questions (where this helps us draw out additional insight to meet the objectives). Through this process of active listening and ‘weighing-up’ of feedback, the researcher leaves with an initial view on the implications.

Encrypted digital recorders are used to record discussions. These are transcribed or summarised in detail to a standardised template. The researcher uses the recording, the transcript/summary and any notes for personal analysis, re-immersing themselves in the content

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of what the participants said; the way in which they said it etc., to revisit – and potentially challenge – their initial view on the implications of the discussion. This will involve triangulating feedback from different sections of the interview and notes are made of key take-outs, illuminating quotations, and areas to explore further etc.

Individual analysis of each discussion is entered into an analysis framework, under headings relating to the objectives – allowing sessions to be compared/judgements made about the commonality of experiences. The framework would contain 'demographic' variables to identify subgroup differences.

IFF then conducts a Director-led analysis session, in which researchers develop their thinking regarding the findings/their implications. Individual researchers bring to the session their tentative interpretation of the findings. This will be discussed, with careful reference to the evidence, to verify our interpretation through researchers applying a degree of scrutiny and challenge to each other's perspectives on what the findings mean.

One of the strengths of qualitative research is its capacity to learn iteratively and refine ideas as fieldwork progresses. To help ensure we achieve this, after the first few discussions with each audience have been completed we would informally discuss the findings with the BEIS team, with a view to agreeing any immediate changes that need to be made to the discussion approach, to ensure that we get as much as possible out of the remaining sessions.

Approach to reporting

The structure and the 'look and feel' of both the presentation slides and the report will be agreed in advance with the BEIS team. We will discuss this before any drafts are produced. Our guiding principle in writing PowerPoint reports is to use the findings to tell a clear story. We always ensure each slide often begins with a 'headline' that sums up the key point being made. We also take care to include key 'take-outs' on each slide, i.e. ensuring the slide explains the practical implications of the findings for the research audience. Our use of headlines and take-outs also means that these slide packs can be used as stand-alone documents, but at the same time ensures it is easy for our clients to re-present the findings to others if needed.

Our written reports recognise that the reader may have a need to quickly assimilate the key points of the research study. We therefore include as standard an executive summary that can be read as a stand-alone document and, where desired by the client, conclusions. We also believe that it is our responsibility to push the 'thinking' about what the findings mean as far as possible, and so – where the client is receptive to this – we aim to include actionable recommendations. We appreciate the need to keep reports concise and the 'say it once only' principle will underpin our approach to report writing. We have scheduled and costed for two drafts of the written report and we will produce a 'comments matrix' for monitoring amendments suggested to the report and IFF responses to them.

Confirmation of outputs

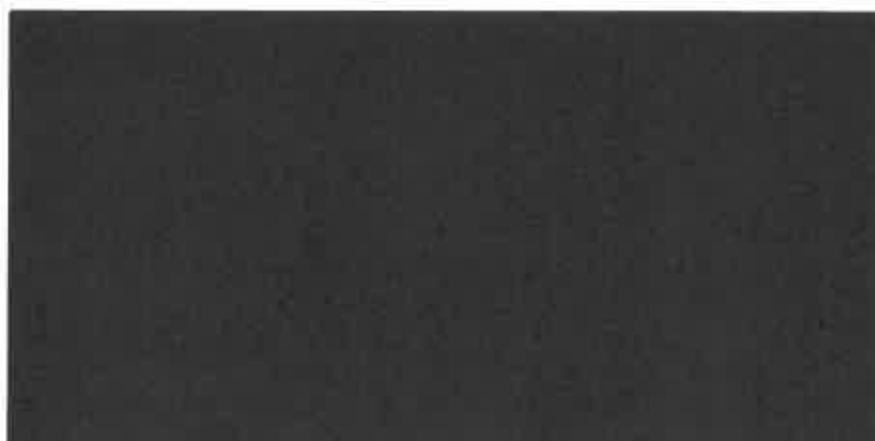
We can confirm the following deliverables:

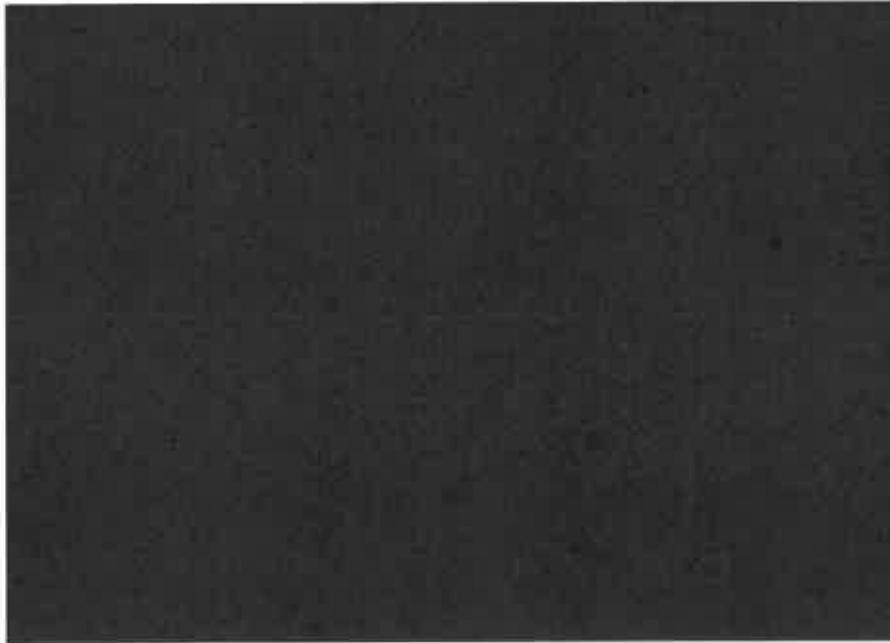
- Face-to-face inception meeting and project plan outlining key dates;
- Weekly progress updates and regular catch-up calls;
- 48 in-depth interviews with businesses;
- Interview transcripts;
- Quality assured written report, including copies of research materials and technical annexes including full details of methodology and analysis;
- Slide pack summary; and
- Presentation of findings at BEIS's London offices.

Prni 1.2 Staff to deliver:

Project team

For a high-profile project such as this one it is imperative that our core project team has a high degree of senior research time devoted to it. As a result, our proposed team contains two Directors – [REDACTED] who heads up our Business and Enterprise sector and [REDACTED] who leads our Regulation work. We have also allocated a highly experienced Research Manager in [REDACTED] who has successfully delivered several similar studies, including projects for BBIS. [REDACTED] will be supported by a Senior Research Executive and a Research Executive.





As well as the core IFF team, the qualitative interviewing will be carried out by a team of highly experienced specialist qualitative interviewers including:

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Prd 1.3 Understanding the project environment

Understanding the environment

The government's industrial strategy, designed to boost productivity and earnings, sets out a vision for the UK that would see it as the 'best place to start and grow a business' and become 'the world's most innovative economy'.¹ These aims come with challenges. To be truly innovative is not easy, particularly when setting up a business within the constraints of existing regulatory frameworks. But new businesses are coming through that are doing things differently and challenging the established ways and means of doing things. Recent examples include Moneyfarm and Nutmeg in the financial services robo-advice sector, as well as Uber and online takeaway services such as Deliveroo and Just Eat. These companies have often established themselves very quickly, taking advantage of the rapid technological advances that has seen people change what they do, how they do it and, furthermore, how they engage with the organisations they deal with on a day-to-day basis. But beyond the effect these disruptor companies have on the consumer, they are also posing challenges to the regulatory environment in which they operate, with the likes of Uber raising questions about what it means to be an employee versus someone who is self-employed² and in the case of Just Eat promoting food outlets that have received a poor rating for hygiene and/ or poor allergen knowledge³.

As the body charged with leading the government's relationship with business and delivering a comprehensive industrial strategy, it falls to the Department for Business, Energy & Industrial Strategy to ensure that the environment in which businesses operate provides the flexibility and freedom to be innovative. But that flexibility and freedom must be balanced against appropriate measures of protection for consumers, which is usually achieved through the regulatory framework. Getting that balance right between flexibility and freedom for businesses and consumer protections is tricky but, nevertheless, achievable.

Some regulators have been responsive to changes in their industry and sought to adapt how they operate and work with new, innovative businesses to give them the opportunity to trial new developments while still ensuring the necessary measures are in place to protect consumers from any adverse effects of innovations. One such example is the FCA's Sandbox. In its report evaluating the scheme in its first year of operation, the FCA were able to show that Sandbox helped to reduce the time and cost of getting innovative ideas to market, improve access to finance for innovators, enabled both the testing of products and a way into market while at the same time giving the FCA the opportunity to develop appropriate measures for consumer protection.⁴ While the FCA has really led the way in creating (and evaluating) a safe space for innovation in its sector, much work remains to be done across other sectors to ensure that businesses have the freedom to be innovative while at the same ensuring that regulators balance this against the needs to protect the consumer. Moreover, there has been no independent, systematic review of what support regulators are providing to organisations

¹ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/730043/industrial-strategy-white-paper-final-ready-for-version.pdf

² <https://www.themploymentlawexperts.co.uk/the-uber-appeal/>

³ <https://www.bbc.co.uk/news/health-56061918>

⁴ <https://www.fca.org.uk/publications/consumer-credit/insights/insights-into-the-fca-sandbox-report.pdf>

looking to innovate. It is this gap, that the research for the Department for Business, Energy & Industrial Strategy seeks to address.

The focus on innovative practices is in its infancy, which will make it more challenging to study, but it is, nevertheless, important to look at what is happening in this area. An early opportunity to understand current activities and to establish which support mechanisms are most effective in supporting businesses to innovate would be valuable insight in helping the government to promote the UK as a place that encourages and supports innovation. It will also be useful to identify examples of good practice that can be shared across sectors. As part of this exercise, it will be important to develop an understanding of how practices and needs vary according to the sector, industry, type and size of business.

Specifically, the research will address three over-arching questions:

- What issues innovators have had when engaging with regulators,
- What the impact of engagement with regulators has been, and
- What elements of engagement have been beneficial and which detrimental to the process of innovation.

In order to deliver this research, the Department for Business, Energy & Industrial Strategy needs a research partner that:

- Understands the environment and challenges faced by the public sector;
- Has excellent experience of working with both regulators and businesses;
- Will work collaboratively with you at all stages of the research process, from design through to analysis and reporting; and
- Provide you with clear, actionable recommendations for how to help facilitate effective working between innovative businesses, regulators and consumer.

Why IFF Research?

IFF is delighted to have the opportunity to present proposals to undertake this project for which we believe ourselves uniquely well positioned – we have conducted numerous qualitative research projects with businesses and bring a wealth of experience of research relating to the role and impact of legislation, regulation, and compliance. We also have a proven track record of carrying out business research for BEIS. A selection of our recent relevant projects is shown below:

- A qualitative study with 'disruptive' businesses for the Department for Business, Energy and Industrial Strategy (2017): IFF conducted a programme of in-depth interviewing with 'disruptive' or 'transformational' businesses – those which offer a new value proposition by employing new technology or a transformative business model. BEIS wanted to understand the barriers faced by this type of firm, particularly around regulation. BEIS wanted to know whether their experiences and concerns were particular to the nature of their business, and what the government can do to support their growth. As well as interviewing businesses themselves, we also spoke to associates such as their investors and legal teams to produce case studies.
- A 2017 study for BEIS evaluating the Red Tape Challenge and Focus on Enforcement review programmes. Telephone interviews were conducted with 1,010 businesses to establish levels of awareness and experiences of changes from these reviews. The interviews were across five 'themes': employment-related law, company and commercial law, health and safety, small businesses in food manufacturing, and Control of Major Accidents and Hazards (COMAH);
- The Business Perceptions Survey 2010 and 2012: We conducted the BPS survey in 2010 and 2012. The surveys comprised 2,000 telephone interviews with a representative sample

- of businesses regarding their experience and perceptions of regulatory burden to assess the impact of the Government's regulatory reform programme;
- A current study for BEIS amongst users of the People with Significant Control (PSC) Register and employers that are signed up to the register to ascertain how effective the PSC Register has been in promoting greater corporate transparency. Qualitative in-depth interviews (a mixture of face to face and telephone) will be conducted with Stakeholder organisations such as law enforcement organisations and Financial Institutions. The research will also identify the extent to which the PSC Register places a burden on businesses with a survey across a range of businesses to capture the time costs associated with signing up to the register and keeping information up to date, as well as any other costs associated with the new regulations;
 - HMRC Estimating customs costs and burdens for businesses 2017: A recent study for HMRC to explore the potential impact that changes to the customs process following the UK's vote to leave the EU may have in terms of freight forwarder charges and set-up costs and associated burdens for non-EU trade, by gathering evidence about the current costs of trading with EU and non-EU countries. Two surveys amongst Freight Forwarding businesses (200 interviews) and SMEs (500 interviews) that import/export were conducted plus 40 qualitative follow-up interviews with the SMEs;
 - Solicitors Regulation Authority Cost of Regulation Research 2015: A study to understand and explore law firm's views on the cost of regulation. The survey findings were used by SRA to understand how they could remove unnecessary regulatory costs and improve their overall approach to regulating law firms;
 - HMRC Trader Behaviour 2018: A current qualitative research study amongst UK and EU based SMEs and agents regarding their current trading behaviour in terms of supply chains, transport modes and ports of entry and how these may be impacted by two different post-Brexit scenarios;
 - A 2018 study for the CMA exploring the deterrent effect of CMA enforcement action upon businesses operating in the same sector as four enforcement cases – 600 interviews were achieved with businesses who have been directly or indirectly affected by the CMA's action;
 - The Transparency and Trust Survey 2013 for BIS. This study contributed to an assessment of the impact of new legislation on the transparency of business ownership. Specifically, understanding the time and costs involved in meeting the new requirements and finding the information to be declared.
 - The Pensions Regulator Regulatory Burden Audit 2012: A telephone study to measure the regulatory burden imposed on pension schemes and assess the impact of TPR's data requirements, specifically with regard to 6 Information Obligations (IOs). A total of 550 interviews were conducted.

More generally, we have also conducted work on behalf of, and with, numerous regulators, including four of the six proposed for coverage in this study:

- The Pensions Regulator (TPR);
- Financial Conduct Authority (FCA);
- Solicitors Regulation Authority (SRA);
- Food Standards Agency (FSA);
- Competition and Markets Authority (CMA) – and the Competition Commission and OFT before them;
- Legal Services Board (LSB);
- The Law Society (TLS);
- The Security Industry Authority (SIA);
- General Pharmaceutical Council (GPhC);
- Council for Licensed Conveyancers (CLC).

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- **General Medical Council (GMC); and**
- **Nursing and Midwifery Council (NMC).**

Proj 1.4 Project plan and timescales

Delivery timetable

The following table sets out the proposed timetable for delivery. We note the requirement for the contract to be complete by the end of March 2019 and we have stuck as closely as possible to the timings in the brief. However, in our view it is not realistic to achieve the objectives you require, to a high standard, within this timeframe. We have set out an achievable timetable below – please note that this remains challenging and would rely on timely BEIS input (highlighted in red). Having said that, we have the resource to dedicate to this study and are ready to start the project immediately.

	February			March			April						
	04/02/2019	11/02/2019	18/02/2019	25/02/2019	05/03/2019	12/03/2019	19/03/2019	26/03/2019	02/04/2019	09/04/2019	16/04/2019	23/04/2019	30/04/2019
Week Commencing													
Inception meeting													
Sampling approach agreed													
First draft research materials to BEIS													
Research materials agreed													
Fieldwork and recruitment													
Analysis													
Presentation to BEIS													
First draft full report													

Project Management

Our project management ethos is to balance keeping you fully informed while removing the burden of operational project management. Our project management philosophy is one of collaboration/flexibility; working with clients in partnership.

Within projects, we will provide you with (at least) a weekly written update, detailing project status, highlighting risks and listing imminent actions. Fieldwork progress reports will be to agreed format, typically listing interviews completed, and key issues arising.

In addition, we propose:

- Face-to-face meetings at key points in the contract lifecycle (we have costed for two, in addition to the inception meeting), to forge relationships, discuss early emerging findings and agree your preferences re: working arrangements, reporting formats etc.
- Fortnightly dialled telephone calls to discuss progress.

We will set up a group e-mail for the study ensuring all correspondence is received by all team members, to ensure swift responses to urgent requirements.

We work transparently with clients, sharing all project materials. We welcome your attendance at pilots, internal briefings/debriefings and final analysis sessions. We will work closely with you to develop research outputs, agreeing not only structure/content of presentations/reports but also the 'look and feel' of the outputs to suit your audiences.

Flexibility is core to our project management ethos and our ability to respond quickly is ensured by:

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- IFFs being set-up to respond in this way (so efficiency/speed are part of our corporate ethos). We are an ad-hoc agency regularly conducting short-turnaround tactical research for the public/private sectors;
- A large, senior team dedicated to the project (all located at the same site).
- A wide range of resources in-house including a large telephone centre, coding, data services, qualitative interviewers etc

Adhering to timescales/project plans

We pride ourselves on our ability to deliver high quality research to time and budget. Fieldwork and analysis processes are managed in-house giving us control and flexibility to ensure deadlines are met.

We ensure on-time delivery by:

- Devising detailed project plans at inception. These are used to plan internal logistics and guide weekly internal project team catch-ups to plan next steps,
- Directors reviewing project resource weekly, and fieldwork achievement rates daily, and increasing resource allocation as required;
- Progressing analysis and working with test-data during fieldwork to ensure 'right-first-time' outputs;
- Sharing emerging findings with you iteratively to ensure findings answer your research questions.

Key to the success of individual project delivery is having a suitably experienced team, sufficient senior involvement, and sufficient time allocated, which we outlined in the team section.

Directors will maintain an overview of the entire study at all times. They will be responsible for quality assurance and will attend all key meetings.

Appendix B – Specification

Background

The Government's Industrial Strategy sets an ambition for the UK to be the world's most innovative economy. To achieve that ambition, we have set a target of raising the level of investment in research and development (R&D) from 1.7% to 2.4% of GDP by 2027.

To support a more R&D-intensive economy a range of steps have been taken, including increasing the level of public investment in R&D. To maximise the potential of this investment, and to attract additional private sector investment, it is important that the UK maintains a regulatory environment fit for the industries of the future. That is why the Industrial Strategy committed to develop an agile approach to regulation, that supports innovation while ensuring effective protections for citizens and the environment.

The UK has strengths in developing innovation-enabling approaches to regulation. Our regulators have pioneered new techniques that allow businesses to test innovative products, services and business models. They have also supported the deployment of new technology into the markets they regulate by providing specialist advice and guidance to innovators. Some examples of these regulator-led initiatives are:

- The Financial Conduct Authority's Regulatory Sandbox has helped contribute to the growth of the FinTech industry by giving innovative start-ups a safe space to undertake real-world trials of new technologies.
- The Medicines and Healthcare Products Regulatory Agency's Innovation Office provides a 'one stop shop' to help organisations of all backgrounds and sizes develop innovative medicines, medical devices or novel manufacturing processes.
- Ofgem's Fast, Frank Feedback service provides written advice to businesses looking to introduce new or innovative propositions to the energy sector.

While there is some anecdotal evidence that these approaches (and other similar initiatives) have benefitted businesses that are seeking to bring new innovative products or services to market, there is scant evidence of the impact that regulators can have on an innovator business, and the influence they can have over innovation orientated investment decisions. There is also a question of fully understanding what the real problems faced by innovative businesses are, and whether these novel regulatory approaches are addressing those problems.

Creating the innovation-friendly regulatory environment envisioned in the Industrial Strategy will require a greater understanding of what types of regulator-led initiatives are the most effective at supporting innovative businesses. The objective of this study is to identify what issues innovators that have engaged with regulators were/are facing with the existing regulatory framework related to those regulators, across various sectors and technologies, what was the impact of the engagement with regulators, and what parts of the engagement was beneficial or counterproductive for their innovation.

This study will develop a fuller understanding of the regulatory issues faced by innovative businesses. This will help inform government and regulators how to build on the pioneering work that some regulators are already trialling to ensure that a greater range of sectors can benefit from the most effective techniques. The two key reasons for contracting out this piece of research are resource constraints and limited in house expertise in conducting primary research by engaging with businesses through interviews

Aims and Objectives of the Project

Regulators have used various forms of engagement to support innovative firms.

These can include:

- Advisory services to businesses looking to develop innovative products, services or business models on how to comply with existing regulations. These can also seek to improve coordination among regulatory bodies so that businesses are provided with a more joined-up service.
- Creating flexibility in the existing regulations, by allowing innovators to experiment (such as sandboxes, testbeds, etc); this allows businesses to undertake live market testing where they would not need to meet ordinary regulatory requirements but ensuring appropriate protections are still in place.

To date, in the UK, there has been no formal quantitative assessment of a sandbox-like practice or an advisory service. This is likely due to the infancy of these approaches and some of the technical issues with building an ex-post quantitative evaluation model on the impacts of these on innovation.

However, even though the impacts of these approaches on innovation may be difficult, there is a need to understand what the issues are that innovative businesses are facing across different sectors, whether existing approaches are helping businesses bring innovative products to the market, and what more could be done by regulators to support the innovation goal.

The objective of this study is to identify:

- What issues innovators that have engaged with regulators (through One Stop Shops, advisory services and experimentation) are facing with these regulatory approaches and how these vary across different sectors (or innovators seeking to deploy new technologies), size of business, maturity of firm etc.
- What specific parts of their regulator engagement gave beneficial support to innovate.
- What specific parts of their regulator engagement had no impact or were counterproductive to innovation. What impacts (qualitatively and quantitatively) these regulator services have had on their business, along with unintended consequences.
- The contractors will need to consider the time scales over which businesses have had contact with regulators to assess the impacts. Innovation can be a slow process with varying outputs manifested with a lag. The sample should be selected such that impacts of engagement can be assessed on innovation.
- Businesses' time preferences around the ideal duration of testing products/services, when they would like regulator involvement, and what level and form of involvement/ engagement/ support they would like.
- The impact of these regulator approaches on various measures of business innovation and specifically on business's R&D investment.

The contractor would need to conduct primary research by conducting interviews with a selection of businesses that have engaged with a UK regulator while conducting innovative activity. The contractor will need to identify a selection of regulator-led initiatives to assess; these could include the examples we have listed, or they could include other initiatives that regulators have established to support innovation in their sectors.

The contractor would need to account for additionality in designing the interview and when analysing responses. As clear a counterfactual as possible will be desired.

UK Innovation Survey, covers UK and EU regulation as both a barrier and an impetus for innovation. Analysis of the microdata might provide some insight to help target and/or refine this research; although it does not look at the effectiveness of regulatory approaches on innovation activity of businesses.

Suggested Methodology

<p>Suggested Methodology (main methodology).</p>	<ol style="list-style-type: none">1. Develop a method of establishing a list of businesses (e.g. through regulator websites, reports, or through business groups) that have used innovation friendly approaches such as their advisory function or sandbox. Contractors will need to ensure sufficient number of suitable businesses can be selected for in-depth interviews and factor in risk mitigation techniques towards this end. BEIS can support the contractor in contacting specific regulators if they are unable to find a suitably representative sample on their own.2. Develop a sample of businesses covering demographics such as size, turnover and maturity.3. Develop interview questions to seek businesses' views on:<ul style="list-style-type: none">o The regulatory challenges they are facing that is hindering their ability to bring innovative products and services to market.o What was the impact of regulator engagement on their business.o What was beneficial or counterproductive regarding their engagement with regulators and what regulators can do to increase innovation.o Their time preferences around the ideal duration of testing products/services, when they would like regulator involvement, and what level of involvement they would like.o Quantitative information illustrating how R&D investment might have changed after intervention, along with any other metric to illustrate the potential impact on innovation. Interviews should be designed such that the impacts of regulatory intervention can be isolated from other influences that impact investment decisions.4. Conduct in-depth interviews (45 mins to 1 hour) through a mix of telephone and face-to-face to ensure a regional spread. Ensure businesses can answer the contractor's questionnaire or prepare them so they can collect information or financial data. Contractors should suggest the breakdown of interview types to get the best outcomes for the study.5. We would like the winning bidder to draw together and analyse outcomes. From this analysis, a summary report should be produced outlining the findings and conclusions drawn from primary research. We would also want the final outputs to include presentations on the findings and a record of the details of the businesses that were interviewed and a
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	<p>record of the interviews.</p> <p>6. The bidders should provide a break down of costs based on how many interviews (face-to-face and telephone) would be feasible within the budget and also be the appropriate methodology to use for this study.</p>
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This is a suggested methodology, but we would welcome bidders' alternative suggestions providing that they also meet the project aims and objectives. Bidders should also justify why they have suggested an alternative approach.

Deliverables

In order to increase awareness of research and evaluation reports, all contractors are to ensure the following are included in the costings for this project:

- Slide pack summary
- A succinct report setting out the key findings.
- Presentation by contractors at an internal seminar to share findings.

Publication

The final report for this research / evaluation project must be formatted according to BEIS publication guidelines, therefore within the Research paper series template and adhering to BEIS accessibility requirements for all publications on GOV.UK. The publication template will be provided by the project manager. Please ensure you note the following in terms of accessibility:

Checklist for Word accessibility

Word documents supplied to BEIS will be assessed for accessibility upon receipt. Documents which do not meet one or more of the following checkpoints will be returned to you for re-working at your own cost.

- document reads logically when reflowed or rendered by text-to-speech software
- language is set to English (in File > Properties > Advanced)
- structural elements of document are properly tagged (headings, titles, lists etc)
- all images/figures have either alternative text or an appropriate caption
- tables are correctly tagged to represent the table structure
- text is left aligned, not justified
- document avoids excessive use of capitalised, underlined or italicised text
- hyperlinks are spelt out (e.g. in a footnote or endnote)
- Datasets to support those to be published in the final report must be provided in an accessible format (CSV, Excel) on submission of the report.