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## 1. PURPOSE

- 1.1 The purpose of this requirement is to the National Infrastructure Commission with advice and analysis on:
- The main factors that affect freight efficiency, the key areas of inefficiency within the system, and the likely causes and symptoms of these inefficiencies;
  - The extent to which efficiency has and can be improved, and the benefits of improving efficiency to the system and wider general output; and
  - The extent to which freight efficiency, and improvements in efficiency relative to other countries, can effect decisions on location of businesses, and therefore the UK's attractiveness compared to its international neighbours; and
  - A view of how major changes in freight transport have enabled significant changes in economic output, and an assessment of the value that marginal and major changes freight operations could deliver in terms of economic activity and/or productivity.

## 2. BACKGROUND TO THE CONTRACTING AUTHORITY

- 2.1 The National Infrastructure Commission is an independent body that enables long term strategic decision making to build effective and efficient infrastructure for the UK. The NIC was set up on 5 October 2015 and was formally established as an Executive Agency of HM Treasury on 24 January 2017. It will look at the UK's future needs for nationally significant infrastructure, help to maintain UK's competitiveness amongst the G20 nations and provide greater certainty for investors by taking a long-term approach to the major investment decisions facing the country.
- 2.2 The NIC will deliver a long-term plan and assessment of national infrastructure needs once a parliament, setting out what a government should do over the next five years to ensure delivery of the UK's long-term infrastructure requirements. It is overseen by a small board, appointed by the Chancellor, and able to commission research and call for evidence from public sector bodies and private sector experts.
- 2.3 The Commission will publish the first National Infrastructure Assessment in summer 2018, which will look ahead to requirements for the next 30 years. Alongside that, the Commission will carry out specific studies on pressing national infrastructure challenges to support the long-term competitiveness of the UK economy.



### 3. BACKGROUND TO REQUIREMENT/OVERVIEW OF REQUIREMENT

- 3.1 In November 2017, the Chancellor of the Exchequer asked the Commission to undertake a study on the future of freight. The Government asked the Commission to:
- *Assess the impact freight has currently on urban congestion and the UK's carbon emissions, and the future of inter-city freight movements;*
  - *Make recommendations on the future of freight infrastructure and regulation to reduce the effects of congestion on productivity, particularly in urban areas, and ensure wider freight connectivity supports economic growth;*
  - *Consider the potential of emerging technologies to improve the efficiency, productivity and environmental impact of UK freight;*
  - *Make recommendations on the future of our roads and highways to be able to adapt to new technology, e.g. platooning;*
  - *Consider the wider economic role of freight and how its economic benefits are factored into government infrastructure investments;*
  - *Take into account the increase in non-fossil fuels for road vehicles, and consider options for decarbonising the freight sector including the infrastructure and regulation needed for low emission haulage.*
- 3.2 Bidders should read the full [Terms of Reference](#) for the freight study in order to understand the broader context for this requirement and inform their response.
- 3.3 The Commission will publish **an interim report in Autumn 2018** that will outline the importance of freight, the future of freight demand, the impacts of congestion and carbon on freight and caused by freight, and the key barriers to improvement and change.
- 3.4 **The study will conclude with a final report in Spring 2019** that provides recommendations on the changes required to infrastructure, regulation, industry practices, and the government's investment priorities in the freight sector, in order to deliver an efficient and low-carbon freight system over the coming 30 years.

### 4. DEFINITIONS

| Expression or Acronym | Definition |
|-----------------------|------------|
|-----------------------|------------|



|            |  |
|------------|--|
| Freight    | Freight is the transportation of commercial goods by road, rail or other modes.  |
| Efficiency | The measure of speed, resilience, cost, and environmental impacts of the freight system.   |
| Value      | The increase in the productivity of areas of the economy, expressed as an increase in Gross Domestic Product or Gross Value Added. |
| Commission | Refers to the National Infrastructure Commission.  |

## 5. SCOPE OF REQUIREMENT

- 5.1 The scope of the requirement is to appoint a suitably experienced supplier to undertake research examining the benefits to the UK of improving the UK's freight system, and ultimately outline the potential additional value a more efficient freight system can add to the UK economy.
- 5.2 The Commission has, therefore, identified the need for impartial and evidence based research to understand:
- The main factors that affect freight efficiency, the key areas of inefficiency within the system, and the likely causes and symptoms of these inefficiencies;
  - The extent to which efficiency has and can be improved, and the benefits of improving efficiency to the system and wider general output; and
  - The extent to which freight efficiency, and improvements in efficiency relative to other countries, can effect decisions on location of businesses, and therefore the UK's attractiveness compared to its international neighbours; and
  - A view of how major changes in freight transport have enabled significant changes in economic output, and an assessment of the value that marginal and major changes freight operations could deliver in terms of economic activity and/or productivity.

## 6. THE REQUIREMENT

- 6.1 This is a two-stage process, with results from each stage developed into reports to align with the publication of the Freight Study's interim and final reports. The requirement of **stage 1** is for the development and application of a methodology to ascertain the benefits of increasing the efficiency of the UK freight system.
- 6.2 Using the analysis and outputs from stage 1, the requirement of **stage 2** is for an assessment of how step changes in efficiency have delivered major changes in economic output above and beyond the output that would have otherwise



occurred, and an assessment of what level of value could be fostered through future step changes in the freight system.

6.3 For stage 1, the NIC therefore requires the provider to undertake the following work:

- The efficiency of the UK freight system compared to other developed nations, with a narrative and evidence on how this efficiency has developed over time;
- Identifying the drivers behind efficiency and inefficiency (including infrastructure, regulation, operating practices, and technological restrictions), and the barriers to change; and
- The development of a methodology to understand and assess the impacts of improving the efficiency of the freight system – which should include an assessment on the potential for faster movement of goods through the system, resilience within the system to both minor and major shocks, the reduction in the cost of operating the system, and the societal benefits of cleaner air, lower carbon emissions, and reduced congestion.

6.4 For stage 2, the NIC requires the provider to undertake:

- A historic review of whether and how marginal and step changes in freight systems and transport development have delivered major change or growth economic output (this could be through the use of case studies and counterfactuals);
- An assessment on how freight efficiency, and major changes have previously impacted on decisions of businesses on where to locate – both within a domestic context, but importantly on an international basis when compared to neighbours in Europe;
- The potential system level changes (i.e. advancements of 3-D printing, a change in the approach of shipping, automation, etc), that could deliver a step change in the efficiency of the system, and (building on historical trends from previous step changes) to what level this could deliver major growth in productivity or changes in economic activity; and
- Analysis to identify any patterns in the conditions for change, and the potential pathways for freight to delivery any major impact on economic growth.

6.5 Delivery of the above analysis will require the successful bidder to work with other consultancies undertaking research for the NIC on the demand drivers of freight, approaches to deliver a low/no carbon freight system, and detailed assessment on the value of different interventions to manage congestion. This will involve sharing of information and outcomes, in order to deliver a coherent package of research based on consistent assumptions and data.



- 6.6 We anticipate that this requirement can largely be achieved through secondary research methods, though we recognise that there may be cause for primary research in the form of interviews, roundtables or questionnaires. Suppliers should explicitly state their methodologies for each stage of the research process and demonstrate the suitability of this methodology to the task.
- 6.7 The Commission operates within a fiscal and economic remit. We expect that, where applicable, the analysis will indicate any implications for the fiscal and economic remit. Further details of the Commission’s fiscal and economic remit can be found [here](#).
- 6.8 The supplier will be responsible for the development of a project plan and timetable, to meet the needs of the NIC (indicative timescales are set out in **Section 7** below).
- 6.9 At the start of the project we would expect to hold an inception/scoping meeting with the successful supplier, and for a short inception report to then be provided which clarifies the approach to be taken, along with a plan setting out key milestones and dates for regular updates, deliverables, risks and how these will be managed etc. – for agreement, before proceeding to carry out the analysis. During the evidence gathering and subsequent phases we expect the bidder to work closely with the Commission, including through regular meetings.
- 6.10 The Provider should also be prepared to present to technical and non-technical members of the Commission in a clear and concise fashion, to set out the key findings from their work, and the key assumptions, results, and caveats in a clear and concise fashion, to ensure these are fully understood.
- 6.11 Analysis should be derived from a broad range of credible sources, in particular, drawing on information and analysis that is already in the public domain and analysis of locally held data and intelligence.

## 7. KEY MILESTONES

- 7.1 The Potential Provider should note the following project milestones that the Authority will measure the quality of delivery against:

| Milestone | Description  | Timeframe                        |
|-----------|--|----------------------------------|
| 1         | Project inception meeting with NIC to include draft inception report to be provided, and agreed by NIC, clarifying the approach to be taken, along with a plan setting out key milestones and dates for deliverables, risks and how these will be managed, etc | Within 2 weeks of contract award |
| 2         | Workshop with key stakeholders and freight academics to discuss the potential elements of a methodology for calculating ‘efficiency’   | Mid/end July 2018                |



|   |  |                                 |
|---|--|---------------------------------|
| 3 | Workshop with key stakeholders and freight academics to test the 'efficiency' methodology, and for input into the development of a 'value' methodology | end August/early September 2018 |
| 4 | Presentation of findings on 'efficiency' work to the NIC   | End Sep 2018                    |
| 5 | Final peer reviewed 'efficiency' report provided to the NIC for sign off   | Mid-October 2018                |
| 6 | Early findings on the 'value' work shared with the NIC   | December 2018                   |
| 7 | Final peer reviewed 'value' report provided to the NIC   | Late January 2019               |

## 8. AUTHORITY'S RESPONSIBILITIES

- 8.1 The Commission will provide any relevant evidence gathered through previous stages of its work. The NIC has already undertaken a significant amount of engagement with key stakeholders and where appropriate will be able to provide analysis, background information and views from those engagements to ensure that the contract runs smoothly.

## 9. REPORTING

- 9.1 The NIC will work with the adviser to put in place weekly meetings between project leads, and a monthly emailed reporting regime in order to track progress, resource needs, and budget.

## 10. VOLUMES

- 10.1 N/A

## 11. CONTINUOUS IMPROVEMENT

- 11.1 The successful Provider will be expected to give due consideration to how the way in which the required Services are to be delivered throughout the Contract duration can be continually improved.
- 11.2 Changes to the way in which the Services are to be delivered must be brought to the Authority's attention and agreed prior to any changes being implemented.

## 12. SUSTAINABILITY

- 12.1 N/A



### **13. QUALITY**

- 13.1 The Commission will be looking to use the research and analysis to inform its interim report and recommendations to Government in Autumn 2018 and final recommendations to Government in Spring 2019. Therefore it is critical that the project runs to time, with all assumptions and caveats clearly highlighted.
- 13.2 This is a substantial piece of work – the expectation is that all the outputs and related materials will be of a high quality, and must be of publishable standard.
- 13.3 The Commission will also seek views from its expert technical panel on the work and findings of this research. Any advice or comments will be fed back to the supplier via the NIC.

### **14. PRICE**

- 14.1 Prices are to be submitted via the e-Sourcing Suite using Appendix E pricing table excluding VAT. This excel spreadsheet is to be submitted at question level on the Emptoris system.
- 14.2 The maximum budget for the full requirement is £75,000 (exc. VAT), and bids received over this budget will be deemed non-compliant.
- 14.3 Prices should be inclusive of all expenses and exclusive of VAT.

### **15. STAFF AND CUSTOMER SERVICE**

- 15.1 The Authority requires the Potential Provider to provide a sufficient level of resource throughout the duration of the Contract in order to consistently deliver a quality service to all Parties.
- 15.2 Potential Provider's staff assigned to the Contract shall have the relevant qualifications and experience to deliver the Contract.
- 15.3 The Potential Provider shall ensure that staff understand the Authority's vision and objectives and will provide excellent customer service to the Authority throughout the duration of the Contract.

### **16. SERVICE LEVELS AND PERFORMANCE**

- 16.1 The Authority will measure the quality of the Supplier's delivery with reference to the key milestones set out in paragraph 7 and delivery against the research areas as outlined in paragraph 6.
- 16.2 As referenced in paragraph 13.3, the Commission will seek and feedback views of the NIC's Technical panel, which should be factored into the suppliers work. In addition, all suppliers must have a peer review process included as part of their proposal.



## 17. SECURITY REQUIREMENTS

17.1 The Supplier will acknowledge and protect all sensitive and confidential information its employees have access to during the contract period. The Supplier will also ensure their IT security systems are sufficiently robust to prevent confidential and sensitive material being made available in the public domain.

## 18. INTELLECTUAL PROPERTY RIGHTS (IPR)

18.1 All analysis (including any calculations and models) used to generate the outputs should be provided to the Commission for future use.

## 19. PAYMENT

19.1 Payment can only be made following satisfactory delivery of pre-agreed certified products and deliverables.

19.2 Before payment can be considered, each invoice must include a detailed elemental breakdown of work completed and the associated costs.

## 20. ADDITIONAL INFORMATION

20.1 The supplier should demonstrate that they are open to working collaboratively with other suppliers, contracted by the Commission in order to deliver related pieces of analysis.

## 21. LOCATION

21.1 The location of the Services will be carried out at the offices of the supplier. However frequent meetings will need to take place with the National Infrastructure Commission at the supplier's offices, or at the Commission's offices at Eastcheap Court, 11 Philpot Lane, London, EC3M 8UD. It is likely that, while this work is being delivered, the Commission will move to new premises, also in central London. The supplier will be advised in good time of any change in the Commission's offices.

21.2 Suppliers should cover the costs of their travel through the original price rather than T&S claims.