



# **Specification**

## **Provision of research on the carbon leakage and competitiveness impacts of carbon abatement policy in aviation**

Aviation Directorate

**Contract Reference: CCZZ18A11**

**Date: 15/05/2018**

**Version: v1.0**

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## 1. Introduction

The Department for Transport (DfT) invites proposals for the following services. This contract will be subject to the DfT Standard Conditions of Contract.

Bidders intending to bid for this requirement are requested to confirm their intention to submit / or not to submit proposals via email to Sarah Pettem ([sarah.pettem@df.gov.uk](mailto:sarah.pettem@df.gov.uk)), Assistant Economist in the Aviation and Maritime Analysis Directorate, by **11.00 hrs on 21/06/2018**.

## 2. Background to the Requirement

The government is committed to ensuring the UK aviation sector contributes its fair share to help the UK meet its climate change goals such as under the Climate Change Act and Paris Agreement.

This project seeks to build upon the growing evidence base on impacts from potential carbon abatement policies that could form part of the government's Aviation Strategy to address carbon dioxide emissions. The project's focus will be on developing a method to systematically identify the circumstances under which carbon leakage or competitive disadvantages could occur in the UK, which can be applied to policies that are within the control of the UK to evaluate the resulting impacts.

This project would provide evidence to inform the following issues that will be addressed within the objective 'support growth while tackling environmental impacts' of the government's Aviation Strategy:

- The risks of carbon leakage and competitive disadvantages from taking unilateral policy action that does not reflect the international nature of the aviation industry.
- The potential cost effective measures the UK could take unilaterally to reduce greenhouse gas emissions from UK aviation that would not lead to significant carbon leakage or competitive distortions.

In 2017, the Authority procured analysis on the marginal abatement costs of a range of potential policies which could be implemented domestically in the UK.<sup>1</sup> This work identified a shortlist of possible policy measures that could be applied in the UK.

The Authority needs to better understand the implications of these and other potential UK-specific policies, including the magnitude of the risks of carbon leakage and competitive disadvantages that could arise, and the amount of carbon leakage which could arise as a result of specific policies (listed as case studies in Section 5).

Given the time sensitive nature to build the evidence base ahead of the Aviation Strategy, a proportionate approach to the tasks in this project is expected from the Provider.

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<sup>1</sup> Ricardo Energy & Environment (2017) *Carbon Abatement in UK Aviation*, available at [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/653776/carbon-abatement-in-uk-aviation.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/653776/carbon-abatement-in-uk-aviation.pdf).

### 3. Procurement Timetable

Description	Date
Publication of ITT	13/06/2018
Clarification period	13/06/2018 – 25/06/2015
Deadline for response to ITT	26/06/2018
Contesting Period	26/06/2018 – 06/07/2018
Commencement of Evaluation Process	06/07/2018
Proposed Award Date of Contract	10/07/2018
Expected execution (signature) date for Contract(s)	13/07/2018
Expected commencement date for Contract(s)	16/07/2018
Delivery of Milestone 1	30/07/2018
Delivery of Milestone 2	13/08/2018
Delivery of Milestone 3	10/09/2018
Delivery of Milestone 4	08/10/2018
Delivery of Milestone 5	08/10/2018
Delivery of Milestone 6	29/10/2018
Proposed Contract Termination Date	05/11/2018

### 4. Scope

The Department for Transport (DfT), (hereafter referred to as the Authority) requires a supplier to undertake research on the risks of carbon leakage and of putting UK businesses at a competitive disadvantage, where carbon leakage refers to when emissions reductions at the national level do not lead to emissions reductions globally. This could arise from the introduction of potential carbon abatement policies in UK aviation, where carbon abatement policies are those implemented to reduce carbon dioxide emissions. This research will contribute to the evidence base informing the government's new Aviation Strategy, to be published by the Authority.

The Authority works with its agencies and partners to plan, invest in and support the transport network to enable people and goods to travel around the country and internationally. Transport policy measures are developed based on a consideration of, among other things, their economic, social, and environmental impacts. The Authority continually strives to ensure it bases policy on the latest available evidence and regularly commissions external research to fill critical knowledge gaps.

In July 2017 the government, led by the Authority, launched a process for developing a strategy for aviation. The government's aim is to ensure a safe, secure and sustainable aviation sector that meets the needs of consumers and of a global, outward-looking Britain. The strategy will be guided by three overarching principles:

- Being consumer focussed by putting passengers and businesses at the heart of decision making;

- Being market driven by making sure government acts as an enabler rather than a deliverer; and
- Being evidence led by targeting intervention on specific problems or market failures, which government can address, and avoiding activity that does not respond to a clear problem.

The programme for developing the strategy will complete in 2019 with the publication of an Aviation White Paper, the 'Aviation Strategy'. This will draw upon responses to a Green Paper consultation in autumn/winter 2018. It will address the main issues facing the aviation sector, and outline how the government intends to meet six key objectives, including to 'support growth while tackling environmental impacts'. As such it will reflect the opinions, research and evidence that the government gathers. This project would provide evidence to support the policy objective of 'supporting growth while tackling environmental impacts'.

This research is comprised of 3 key tasks:

**Task 1.** Identify the factors that determine whether a potential UK-specific carbon abatement policy would be likely to lead to a significant risk of carbon leakage or putting UK businesses at a competitive disadvantage. The key variables and mechanisms would need to be explained and quantified.

**Task 2.** Quantify how large the impacts of a potential UK-specific policy on the key variables identified in Task 1 (e.g. the ticket price differential for passengers using UK airports compared to airports in other countries) would need to be in order to lead to significant carbon leakage or risks of competitive disadvantage.

**Task 3.** Quantitatively assess the carbon leakage and competitive disadvantage impacts that would arise under a number of illustrative UK policy case studies. The Authority will agree the list of case studies with the Provider in the project initiation meeting, based on the list included in this specification document.

## 5. Implementation and Deliverables

### a. Reporting

The key outputs from this research will be a set of Microsoft Excel spreadsheets (compatible with Microsoft Excel 2013) containing results and all quantitative analysis used to produce Tasks 1-3. These spreadsheets should be accessible to Authority staff and designed in accordance with spreadsheet modelling best practice. For example, they should clearly reference all sources of data used and assumptions made as part of the analysis.

These spreadsheets should be provided to the Authority as soon as the analysis is completed during Tasks 1, 2 and 3. The format and structure of the spreadsheets shall be subject to the agreement of the Project Steering Group, to be discussed in the project initiation meeting. The Steering group will consist of analyst and policy officials from DfT and other government departments or agencies that have an interest in this work.

In addition, upon completion of each task, a full set of spreadsheets for the task should be provided to the Authority and a slide pack presenting the approach and results so far should be presented to the Project Steering Group. The slide pack should include, inter

alia, a detailed explanation of the approach and methodology used for the task, and the justification for this; a detailed explanation of the results from the task; and a record the quality assurance undertaken as part of the task.

A comprehensive final report that fully documents the research that has been undertaken and its findings should be completed. The Authority intend to publish the final report. The final report should include, inter alia, the following sections:

- An executive summary;
- A description of the aims and objectives of the research;
- A full explanation of and justification for the approach taken and the methodology used, including the data sources used and any assumptions made, and its key limitations;
- A full explanation of all of the results from tasks 1, 2 and 3; and
- A record of the quality assurance that has been taken undertaken (including a Quality Assurance log, see section 10).

The format, structure and content (the latter insofar as it relates to the presentation of the results of the research and interpretation of relevant policy) of the final report, and any other written deliverables that are produced under this contract shall be subject to the agreement of the Project Steering Group.

The Provider will be required to share full drafts of each report and spreadsheet and copies of spreadsheets which are used to carry out the analysis for the Project Steering Group to review. The draft reports and spreadsheets should be revised as necessary following comments from the Project Steering Group and will not be considered finalised until agreed with the Authority Project Manager.

The final report and any other written deliverables must be written in plain English in a way that is easily accessible to a non-technical audience as far as is possible; technical jargon and terminology must be fully explained.

The final report should be provided in an electronic format agreed with the Authority Project Manager, and formatted according to the Authority's publication guidelines and accessibility requirements<sup>2</sup>.

## **b. Key Milestones**

The proposed timetable for the key deliverables and meetings are set out in the table below. The project will be overseen by a Project Steering Group to be established and chaired by the Authority. Dates for meetings with the Project Steering Group will be agreed in the project initiation meeting, and will occur monthly.

The Provider shall maintain contact with the Authority, including updates on their progress by phone once every two weeks or more often as required (see Milestone 3). Delivery of the agreed work will be monitored as required by telephone and email discussions with the Project Manager. Additional informal progress meetings with the Project Manager may be arranged as required.

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<sup>2</sup> DfT (2012) *Instructions for organisations producing reports for the department*, available at <https://www.gov.uk/government/publications/instructions-for-organisations-producing-reports-for-the-department-for-transport>.

This analysis is expected to be completed within 3 months from award of Contract. The final report is expected to be produced within 4 months from award of Contract. Prior to the detailed analytical work on each task commencing, a proposed project plan for the task should be provided to the Project Steering Group for their approval. This should include, inter alia, a detailed explanation of your proposed approach and methodology (including data sources and assumptions) and timelines for the task, and the justification for your proposal. In particular:

- The Task 2 project plan should explain the proposed approach for quantifying the relationship between the size of the change in the key variables identified in Task 1 (e.g. the ticket price differential), and the size of risk of carbon leakage and putting UK businesses at a competitive disadvantage;
- The Task 3 project plan should explain the proposed list of hypothetical UK-specific policies to include as case studies; and the proposed approach for quantifying the size of risk of carbon leakage and putting UK businesses at a competitive disadvantage that would arise from each of the case studies.

<b>Milestone</b>	<b>Description</b>	<b>Deliverables</b>	<b>Timeframe</b>
<b>1</b>	Project initiation meeting with the Project Steering Group	Agreed project plan for individual tasks, fully addressing any comments from the Project Steering Group and including dates for progress meetings	Within 2 weeks of Contract Award
<b>2</b>	Provider to present method for task 1 and proposed method to complete tasks 2 and 3	Meet with the Project Steering Group to present slide pack setting out the approach to be used	Within 4 weeks of Contract Award
<b>3</b>	Provider to share written results of Task 1	Ongoing progress meetings with the Project Manager as required, including discussion of methodology and output for the three tasks  Provider to share write up of Task 1 results in slide pack format	Within 8 weeks of Contract Award
<b>4</b>	Provider to present results of analysis done in relation to tasks 2 and 3	Slide pack of analytical outputs for Tasks 2 and 3 to be presented at meeting with the Authority	Within 12 weeks of Contract Award
<b>5</b>	Provider submits full draft of final report	Full draft of final report to be shared with the	Within 12 weeks of Contract Award

		Authority. Progress meeting with the Project Steering Group to discuss the draft report	
6	Provider submits finalised version final report to the Authority.	Finalised version of final report submitted to the Authority, fully addressing any comments from the Project Steering Group	Within 16 weeks of Contract Award

## 6. Specifying Services

### a. Task 1

The Provider will identify the factors that determine whether a potential UK-specific carbon abatement policy would be likely to lead to a significant risk of carbon leakage or competitive disadvantage. The key steps of this task shall be presented at the relevant Project Steering Group meeting (see key milestones in Section 5) and included in the Provider's final report.

The key steps of Task 1 are as follows:

1. The Provider shall identify and describe the key mechanisms for how potential policies for addressing the greenhouse gas emissions from UK aviation could lead to the risk of carbon leakage and competitive disadvantage.
2. The Provider should identify market factors that would determine the size of risk of carbon leakage and the competitive disadvantage that would arise from introducing a potential policy for addressing the greenhouse gas emissions from UK aviation. Within this, the Provider should identify which of these factors are key when assessing the risks from UK-specific policy.
  - The Authority expect this to be a qualitative assessment of market factors that determine whether a particular UK-specific policy would lead to carbon leakage and competitive disadvantage. For example, the price sensitivity of passengers, or the profitability of airlines.
3. The Provider shall identify the key variables that would need to be quantified in order to determine whether a potential UK-specific policy for addressing the carbon dioxide emissions from UK aviation would lead to a significant risk of carbon leakage or competitive disadvantage.
  - The Provider shall identify any interactions between the key quantified variables that would need to be taken into account.
  - The Authority expects that the key variables will include profitability of airlines and other stakeholders in the aviation industry and the relative change in ticket prices for passengers using UK airports compared to using airports in

other countries ('the ticket price differential'), but expects the Provider to add any other factors that are found to be important

4. The Provider shall provide an assessment of the robustness and scale of the uncertainty regarding the evidence produced under Task 1, with appropriate metrics to be agreed with the Project Steering Group.

### **b. Task 2**

The Provider shall quantify how large the impacts of UK-specific policies need to be on the key variables identified in Task 1 (e.g. the ticket price differential for passengers using UK airports compared to airports in other countries) in order to cause a risk of significant carbon leakage or putting UK businesses at a competitive disadvantage. The key steps of this task shall be presented at the relevant Project Steering Group meeting (see key milestones in Section 5) and included in the Provider's final report.

The key steps of Task 2 are as follows:

1. The Provider shall develop an approach for quantifying the relationship between the size of the change in the key variables identified in Task 1 and the amount of carbon leakage or the extent of the impact on competitiveness that occurs.
  - The approach shall quantify both the amount and the magnitude of the risks of carbon leakage and competitive disadvantage disadvantages that could arise as a result of specific policies (listed as case studies in Section 5). This approach should take into account any interactions between the key variables identified under Task 1.
2. The Provider shall identify the levels of the key variables where the risks of carbon leakage and competitiveness impacts become significant.
3. The Provider shall provide an indication of the level of robustness and uncertainty surrounding the estimated results of Task 2, through statistical indicators such as ranges or confidence intervals.

The Authority will use the key mechanisms and factors identified in Tasks 1 and 2 to assess the carbon leakage and competitive distortion risks of policies that it develops as part of the Aviation Strategy.

### **c. Task 3**

The Provider shall quantitatively assess the carbon leakage and competitive disadvantage impacts that would arise under a number of illustrative UK policy case studies. The key steps of this task shall be presented at the relevant Project Steering Group meeting (see key milestones in Section 5) and included in the Provider's final report.

The key steps of Task 3 are as follows:

1. Apply the methods developed in Tasks 1 and 2, as well as other methods where appropriate, to hypothetical case study examples of UK-specific policies to quantify the scale of carbon leakage and competitive disadvantage. These will

relate to indicative UK-specific policy scenarios. These will give an indication of the types of effects to be expected, given a range of possible UK-specific policies.

2. A list of illustrative case studies proposed to be evaluated are provided below. The first three are mandatory for this research and Providers should indicate the total cost for their bid based on analysis of the mandatory measures. The Provider's ability to analyse additional case studies should also be listed in bids, as the Authority may be interested in analysis of supplementary measures if this is possible within the timelines. The ability of Providers to analyse supplementary measures within the timelines will be taken into consideration when the Authority are evaluating bids. A prioritised list of examples for additional case studies are listed below under optional case studies. The Authority will consider proposals for alternative case studies not listed below; these should be included in bids.
3. For each of the hypothetical policies, a range of policy ambition levels must be analysed. The final list of measures and their levels of ambition to be analysed in Task 3 will be agreed in the project initiation meeting with the Provider.

Mandatory case studies:

Increased use of biofuels through regulation i.e. mandating that a certain proportion of biofuels must be used by planes when departing from UK airports. The Provider will be required to assess three different mandatory uptake levels;

Imposition of a UK specific carbon price, applicable to UK departing flights. The Provider is required to assess three different carbon price levels, which would be set at a market rate rather than a flat rate;

Regulations to incentivise the most fuel efficient aircraft to operate at UK airports. This should include a quantitative assessment of the likely impact on the global fleet mix of the removal of relatively less efficient types from operating in the UK market (e.g. through re-routing, re-scheduling, re-sale, scrappage etc), including any positive impacts this might have from these aircraft types being sold or leased to other markets with less efficient fleets. The Provider is required to assess three different levels of regulatory stringency.

Optional case studies, in order of priority:

Regulation requiring retrofitting of aircraft to reduce fuel burn through changing fittings to reduce cabin weight.

More efficient ground movements through airport regulation, e.g. requirements for reduced engine taxiing or use of electric power whilst taxiing.

The key steps of Task 3 are as follows:

1. The Provider shall apply their proposed approach developed in tasks 1 and 2, as well as any other methods, to quantify the size of risk of carbon leakage and competitive disadvantages that would arise from each of the case studies.

2. The Provider shall quantify the size of the risk of carbon leakage and competitive disadvantage that would arise under each of the case studies, for the three levels of policy ambition. This should include approximate timescales to show when potential carbon leakage and competitive disadvantage may take effect.
3. Unless agreed otherwise with the Project Steering Group, the following must be quantified for all of the case studies:  
The change in the profitability of UK airports and airlines, or any other industry stakeholder significantly affected as a result of the policy;  
The change in ticket prices and airline cost pass through to passengers as a result of the policy; and  
The size of the carbon leakage as a result of the policy, with an indication of when the impacts are likely to occur.
4. The Provider shall provide an indication of the level of robustness and uncertainty surrounding the results of Task 3 through the use of ranges or confidence intervals regarding the scale of any estimates that are produced.

*Please note that the hypothetical UK-specific policies discussed in this document are not intended to provide any indication of the policies that will actually be pursued as part of the aviation strategy. Decisions on this will be taken later, and using in part the evidence provided by this research.*

Prior to the detailed analytical work on each task commencing, a proposed project plan for the task should be provided to the Project Steering Group for their approval. This should include, inter alia, a detailed explanation of your proposed approach and methodology (including data sources and assumptions) and timelines for the task, and the justification for your proposal. In particular:

The Task 2 project plan should explain the proposed approach for quantifying the relationship between the size of the change in the key variables identified in Task 1 (e.g. the ticket price differential), and the size of risk of carbon leakage and putting UK businesses at a competitive disadvantage;

The Task 3 project plan should explain the proposed list of hypothetical UK-specific policies to include as case studies; and the proposed approach for quantifying the size of risk of carbon leakage and putting UK businesses at a competitive disadvantage that would arise from each of the case studies.

#### **d. Price**

The budget set for this project is to be capped at £100,000 (excluding VAT). Bids shall include all necessary and relevant travel, subsistence and expenses for meeting the requirement. It shall include any travel expenses to visit the Authority and any stakeholders.

Bids must clearly state how many case studies will be included in Task 3 as part of the quoted price. Bidders may provide a separate quote for the price of including further case studies beyond this amount.

Prices are to be submitted via Appendix E, excluding VAT. See Appendix D for evaluation criteria.

## **7. Skills**

The Provider will be able to request model runs or model outputs from the Authority's aviation models<sup>3</sup> if they are deemed necessary to help with the tasks.

The Authority requires the 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.

Provider's staff assigned to the Contract shall have the relevant experience to deliver the Contract. Details of the relevant skills and experience of all project team members (including any sub-contractors, or consortia members) should be provided in the tender. See evaluation criteria (Annex 1) below.

## **8. Quality Assurance Requirements**

All analysis undertaken and all deliverables produced under this contract should be fully quality assured, and produced to a level of quality that is to the satisfaction of the Authority Project Manager.

The Providers' submissions will be expected to provide full confidence to the Authority that they are capable of carrying out the work to the high quality expected. The Authority places a high importance on the quality assurance of our analysis and that done by any Providers.

Providers should follow the Authority's Analytical Assurance Framework and guidance for quality assuring analytical models when carrying out their work, and specify in their bid how they will incorporate this throughout the analysis.

Sign-off for the quality assurance must be done by someone of sufficient seniority within the Provider organisation to be able to take responsibility for the work done. Acceptance of the work by the Authority will take this into consideration. The Authority reserves the right to refuse to sign off outputs which do not meet the required standard specified in this invitation to tender.

The Provider will be responsible for any work supplied by sub-contractors and should therefore provide assurance that all work in the contract is undertaken in accordance with the quality assurance expectation agreed at the beginning of the project.

Upon completion of each task, a full set of spreadsheets for the task should be provided to the Authority and a slide pack presenting the approach and results so far should be presented to the Project Steering Group. The slide pack should include, inter alia, a detailed explanation of the approach and methodology used for the task, and the

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<sup>3</sup> For further information on the DfT aviation models, see DfT (January 2009), *UK Aviation Forecasts*, available at [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/223839/aviation-forecasts.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/223839/aviation-forecasts.pdf).

justification for this; a detailed explanation of the results from the task; and a record the quality assurance undertaken as part of the task.

A comprehensive final report that fully documents the research that has been undertaken and its findings should be completed. The Authority intend to publish the final report. The final report should include a record of the quality assurance that has been taken undertaken (including a Quality Assurance log).

## **9. Management and Contract Administration**

Once a Provider is decided, the Authority will assign a Project Manager to the project and will be the central point of contact. They will be the first point of contact for project management or in the case of any potential disputes, with support from the Authority's other senior officials as required.

The DfT Project Manager will agree with the contract with the supplier prior to the project implementation meeting (completion of Milestone 1). The project implementation meeting will establish dates for Project Steering Group meetings, what will be reviewed at the Project Steering Group meetings, and agree the format data should be provided in.

### **a. Payment**

Payment can only be made following satisfactory delivery of pre-agreed certified products and deliverables, as agreed by the Authority Project Manager, whose details will be provided upon award of contract.

The payment structure for this project is as follows:

1. Upon written sign-off from the Authority of Milestone 2, payment of 30% of the total Contract Value shall be made.
2. Upon written sign-off from the Authority of Milestone 3, payment of 30% of the total Contract Value shall be made.
3. Upon written sign-off from the Authority of Review Milestone 5, payment of 40% of the total Contract Value shall be made.

Payments shall be processed through the submission of invoices to the Authority. Each invoice must include a detailed elemental breakdown of work completed and the associated costs before payment is made. A Purchase Order Number for this requirement will be provided to the successful supplier. Invoices must be sent to the DfT Shared Service Centre (address below) and copied, with the relevant timesheets, to the DfT Contract Manager with the specified Purchase Order number.

Invoices shall be submitted to:  
Shared Service Arvato,  
5 Sandringham Park,  
Swansea Vale,  
Swansea, SA7 0EA.

## **b. Consortium**

This contract may require experts from more than one organisation. The Provider is welcome to subcontract specific tasks or form a consortium to cover all the tasks required as part of this project.

The lead Provider will be responsible for overseeing any sub-contractors and ensuring the successful delivery of the project.

DfT is committed to removing barriers to SME participation in its contracts, and would like to also actively encourage its larger suppliers to make their sub-contacts accessible to smaller companies and implement SME-friendly policies in their supply-chains (see our [website](#) for further information).

To help us measure the volume of business we do with SMEs, our Form of Tender document asks about the size of your own organisation and those in your supply chain.

If you tell us you are likely to sub-contract to SMEs, and are awarded this contract, we will send you a short questionnaire asking for further information. This data will help us contribute towards Government targets on the use of SMEs. We may also publish success stories and examples of good practice on our website.

## **10. Security**

The Authority takes data security extremely seriously and applies agreed government security procedures to all Contracts involving the handling of data and 'Official Sensitive' and 'Commercial Sensitive' information.

Prior to the award of the contract, the Provider will need to complete and return a Non-Disclosure Agreement (NDA) to the Agent. Once received, the contract will be awarded.

No government level security clearances are required for this Contract.

## **11. Data Protection**

The supplier will not be required to process any Personal Data on behalf of the DfT.

The supplier will be required to comply with all applicable requirements of the Data Protection Legislation (including the General Data Protection Regulation ((EU) 2016/679) ("GDPR"), the Law Enforcement Directive (Directive (EU) 2016/680), and all applicable Law about the processing of personal data and privacy).

## **12. Documentation**

A set of Microsoft Excel spreadsheets (compatible with Microsoft Excel 2013) containing results and all quantitative analysis used to produce Tasks 1-3. These spreadsheets should be accessible to Authority staff and designed in accordance with spreadsheet modelling best practice. For example, they should clearly reference all sources of data used and assumptions made as part of the analysis.

In addition, upon completion of each task, a full set of spreadsheets for the task should be provided to the Authority and a slide pack presenting the approach and results so far should be presented to the Project Steering Group. The slide pack should include, inter alia, a detailed explanation of the approach and methodology used for the task, and the justification for this; a detailed explanation of the results from the task; and a record the quality assurance undertaken as part of the task.

A comprehensive final report that fully documents the research that has been undertaken and its findings should be completed. The Authority intend to publish the final report.

### **13. Arrangement for End of Contract**

The contract will be completed upon submission of a satisfactory final report, approved by the Project Steering Group. The contract is expected to be completed within 16 weeks from award of contract.

#### **a. Intellectual Property Rights (IPR)**

Any Intellectual Property arising from the contract shall be treated in line with the standard Terms & Conditions of the contract as outlined in Appendix C –Terms and Conditions.

The Authority will own and retain all intellectual property rights arising from this contract. In the case where a pre-existing model is used by the Provider to generate results for the requirement, the Authority would not own the pre-existing model.

The Provider shall not, under any circumstances, publish any results from the Authority's aviation model, if they are shared with the Provider. These remain the property of the Crown and should only be used in order to complete this project. Once the project is completed, the Provider should delete any outputs provided by the Authority to prevent future misuse.

The successful Provider shall destroy all data relating to this project (including all outputs) at the end of the project or when instructed to do so by the Authority. The successful Provider shall complete a Non-Disclosure Agreement (NDA) as part of this work, which will be provided upon award.

The contract should include a license to use any data provided under this project, and Authority will retain the right to publish any reports and results or subsequent versions.

### **14. Evaluation Criteria**

#### **a. Quality Factors Criteria**

Selection will be based on the evaluation criteria encompassing the most economically advantageous tender, which demonstrates a high degree of overall value for money, competence, credibility and ability to deliver.

This tender will be evaluated using the weightings and criteria specified in Annex 1 to obtain the optimal balance of quality and cost. Potential Providers *MUST* answer all Quality/Service Delivery questions. A minimum score of 3 out of 5 is required for all questions.

Potential Providers must achieve the minimum acceptable Quality Score, as described in the table below, for each of the questions in Annex 1. Only those responses which achieve the minimum acceptable Quality Score will be included in the Price Evaluation Process.

Where only one (1) submission is received which does not meet the minimum acceptable Quality Score, the Authority reserves the right to enter into dialogue and seek assurances regarding the delivery of the requirement.

Potential Providers' responses must clearly demonstrate how they propose to meet the requirements set out in the question and address each element in the order they are asked. Responses should be limited to, and focused on each of the component parts of the question posed.

Whilst there will be no marks given to layout, spelling, punctuation and grammar, it will assist evaluators if attention is paid to these areas including identifying key sections within responses.

The page limit on responses is set per question. Attachments maybe submitted in Microsoft Word, and be in Arial font size 11.

Proposals will be evaluated against the Evaluation Criteria listed in this section. The following weightings will be utilised in the Evaluation:

<b>Criteria</b>	<b>Weighting</b>
Participation requirements	Pass/fail
Conflicts of interest	Pass/fail
Methodology	50%
Programme delivery support & account management	30%
Price	20%

## **b. Quality Factors Scoring Methodology**

The marking procedure is a two-step process, comprising of independent evaluation and group consensus marking.

During the independent evaluation process, each evaluator will separately (i.e. without conferring with other evaluators) scrutinise the quality of answers given by Potential Providers in their Tender. Each evaluator will then allocate a mark for the answer in accordance with the Marking Scheme applicable to that question.

The Agent will review the marks allocated by the individual evaluators before facilitating a group consensus marking meeting.

During the meeting, the evaluators will discuss the independent marks until they reach a consensus regarding the marks that should be attributed to each Potential Providers' answer to the questions.

Once all quality responses have been evaluated in accordance with Section 8 of the Invitation to Tender the individual scores attributed to each response will be added together to provide a 'Quality Score'.

Each response to quality factors questions in Annex 1 will be marked in accordance with the following table:

<b>Score</b>	<b>Definition of Score</b>
<b>5</b>	The Tenderer demonstrates fully that they can meet the requirement as detailed in the Specification
<b>4</b>	Meets all requirements but with minor issues
<b>3</b>	Meets some requirements but with a few major gaps or issues
<b>2</b>	Meets some requirements; major concerns
<b>1</b>	Meets few requirements; serious concerns
<b>0</b>	The method of fulfilling the stated requirement is inadequate / not addressed

Each mark achieved will be multiplied by the corresponding weighting to provide an overall question score. When the score for each question has been determined they will be added together to provide an overall score for the Quality Evaluation ("Quality Score").

Pass/fail quality factors questions will be assessed according to whether Potential Providers are unwilling or unable to answer "Yes" to pass/fail questions. If Potential Providers are unable to answer "Yes", their submission will be deemed non-compliant and shall be rejected. Potential Providers should confirm their responses in their bid.

### **c. Price Factors Scoring Methodology**

Prices submitted by Potential Providers' in the Price Schedule will be recorded and evaluated in accordance with the following process.

The Percentage Scoring Methodology will be used to evaluate all proposals for this requirement. This methodology is based on the following principles: the lowest tendered price will be scored 100, and each subsequent bid will be baselined to this score. So a bid which is 20% more expensive on price than the lowest tendered price will be allocated a score of 80.

The Potential Provider with the lowest price for the requirement shall be awarded the Maximum Score Available. The remaining Potential Providers shall be awarded a percentage of the Maximum Score Available equal to their price, relative to the lowest price submitted.

The Quality Score will be added to the Price Score to determine the final score for each Potential Provider according to the weightings specified.

### 15. Points of Contact

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Department for Transport	Tel	07827 354465
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	Address	Great Minster House, 33 Horseferry Road, London SW1P 4DR
<b>Project Lead Aviation &amp; Maritime Analysis Directorate, Department for Transport</b>	Name	Sarah Pettem
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**All queries/ questions should be sent to the procurement contact**

## Annex 1 – Evaluation Criteria: Quality Factors

Primary Criteria	Primary Criteria Weighting (%)	Description	Sub-Criteria Weighting
Participation requirements	Pass/Fail	Have you read, understood and accepted the Invitation to Tender and all associated appendices, specifically the project specification document?	Pass/Fail
		Do you agree, without caveats or limitations, that in the event that you are successful the DfT's Terms and Conditions will govern the provision of this contract?	Pass/Fail
		In regards to data protection, do you agree that all members of staff assigned to this project will sign and adhere to non-disclosure agreements?	Pass/Fail
		Please confirm that you are able to suggest and use your own contacts among the organisations required for the research.	Pass/Fail
		Please confirm that, should you be successful, you will follow the Authority's Analytical Assurance Framework and guidance for quality assuring analytical models when carrying out the project. ( <a href="https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/353372/strength-in-numbers.pdf">https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/353372/strength-in-numbers.pdf</a> )	Pass/Fail
Conflicts of interest	Pass/Fail	Please confirm whether you have any potential, actual or perceived conflicts of interest that may be relevant to this requirement.	Pass/Fail
		We require that any potential, actual or perceived conflicts of interest in respect of this ITT are identified in writing and that companies outline what safeguards would be put in place to mitigate the risk of actual or perceived conflicts arising during the delivery of these services.	Pass/Fail
Methodology	50%	Please detail your proposal for undertaking the Authority's Requirements as detailed within this specification, specifically Tasks 1, 2 and 3 under Section 6.	100%

		<p>Your response should include:</p> <ul style="list-style-type: none"> <li>• Details of any modelling or other quantitative methods you propose to use and any evidence you have to support its robustness and suitability for application in this context.;</li> <li>• How you will apply this methodology to selected illustrative policies, to generate case study examples;</li> <li>• Details of the data sources you intend to use to complete these tasks;</li> <li>• Details of any elements you intend to subcontract and your rationale for doing so;</li> <li>• How you will measure the quality of your deliverables to ensure that they are in line with the requirement.</li> <li>• Details on the scope of your proposal, including whether or not you propose to cover both the air passenger and freight markets in this analysis, or only passenger markets. And if the latter, your rationale for doing so.</li> <li>• Details of any elements you do not propose to cover as part of the contract and an explanation as to why.</li> </ul> <p><b>Please note only 1 attachment is permissible with a page limit of 6 sides of A4 in Microsoft Word Arial font size 11.</b></p>	
<p><b>Programme delivery support &amp; account management</b></p>	<p>30%</p>	<p>Please provide details of your team’s experience, expertise and understanding of conducting similar tasks to those detailed within this specification, demonstrating how your team’s experience will contribute to effective delivery of the requirement. Please also confirm how you will resource the project and call on any required specialist staff. Your response must include the following;</p> <ul style="list-style-type: none"> <li>• The team structure and specific roles within the project at Director level and below;</li> <li>• Whether you will subcontract any elements of the requirement, and if so to whom;</li> <li>• Details of the proposed project team for the duration of the contract (including any subcontractors or consortium members) and justification of how the proposed personnel within the team structure will add value to this requirement. These details should include: <ul style="list-style-type: none"> <li>○ Relevant skills</li> <li>○ Relevant experience</li> <li>○ Relevant qualifications of the proposed personnel.</li> </ul> </li> </ul> <p><b>Please note only 1 attachment is permissible page limit of 4 sides of A4 in Microsoft Word Arial font size 11.</b></p>	<p>80%</p>

		<p>Please confirm how you will manage the contract and ensure that you meet the timeframes and key milestones set out in Appendix B - Statement of Requirements.</p> <p>Responses must include:</p> <ul style="list-style-type: none"> <li>• Your organisations contract management and governance process detailing how you will monitor the quality of work being carried out under this contract;</li> <li>• A detailed complaints and escalation process including contact details and turnaround times;</li> <li>• An example of the Quality Assurance (QA) plan which will apply to all of the research tasks;</li> <li>• Specify who will be responsible for quality assurance and ensure that this is done by individuals who are not directly involved in the research, analysis or model development.</li> </ul> <p><b>Please note only 1 attachment is permissible page limit of 2 sides of A4 in Microsoft Word Arial font size 11.</b></p>	20%
<b>Price</b>	<b>20%</b>	<p>Potential Providers must attach a price schedule with their response to their quality factors responses. In submitting a price schedule, Potential Providers are also confirming that prices offered are inclusive of any expenses, exclusive of VAT and firm for a period of 90 days following the Deadline for Submission.</p> <p>Prices should be submitted in pounds Sterling inclusive of any expenses but exclusive of VAT.</p> <p>Potential Providers will be marked in accordance with the criteria described.</p>	100%
	<b>Total = 100%</b>		