

Commissioning Letter

Nesta
58 Victoria Embankment
London
EC4Y 0DS

Tuesday 4th December 2018

Dear Sir / Madam

**BIS Research and Evaluation Framework Agreement – Lot 5
Innovation-friendly Regulatory Approaches - Case Study Analysis
CR18154**

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 Crown Commercial Service RM3745 Management Consultancy Framework between (1) Crown Commercial Services; and (2) Nesta (the Framework Agreement).

Appendix: A. Tender response dated Friday 23rd November 2018.
 B. Specification for Innovation-friendly Regulatory Approaches - Case Study Analysis

Annex: A. Annex A GDPR

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 **£49,960.00** exclusive of VAT which should be added at the prevailing rate and in alignment with the following submitted price schedule

This varies project from project (PM to confirm)

• [REDACTED] [REDACTED] [REDACTED]

All invoices should be sent to should be sent to finance@services.uksbs.co.uk or Billingham (UKSBS, Queensway House, West Precinct, Billingham, TS23 2NF).

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 Monday 12th December 2018.

The Completion date is Friday 29th March 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]

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

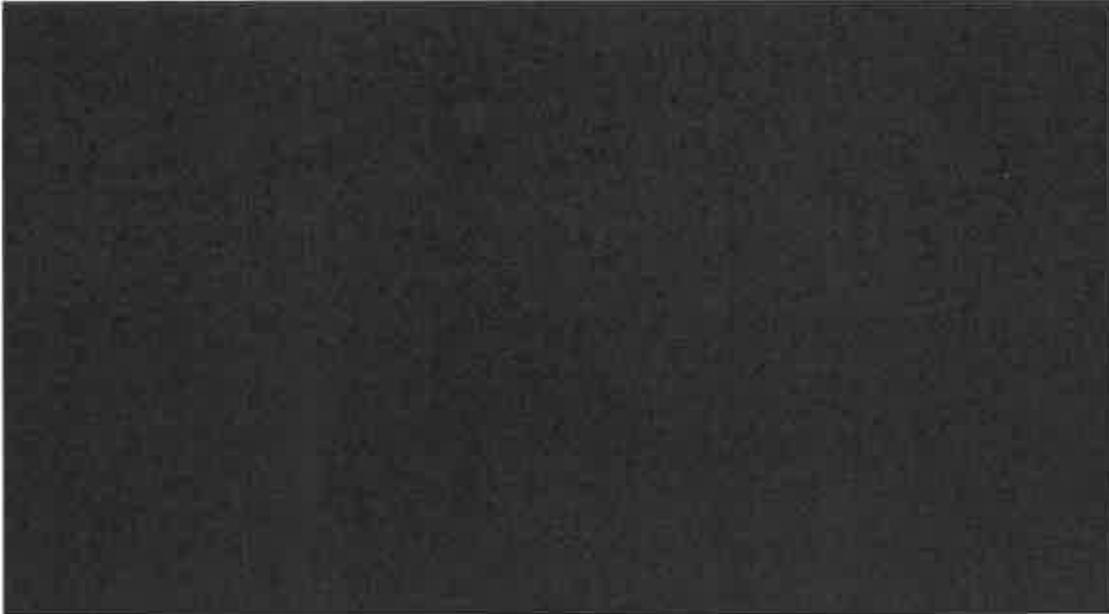
[REDACTED]

Polaris House, North Star Avenue, Swindon, Wiltshire, SN2 1FF www.ukpbs.co.uk FLALLSH APR 2015

OFFICIAL-SENSITIVE (COMMERCIAL)

**Category Specialist
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.



Appendix B – Tender Specification

• **Section 4 – Specification**

1. Background

The UK 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.

As new technologies and emerging industries begin to affect a wider range of sectors, it is important that regulators are ready to meet the opportunities and challenges that arise. Emerging technologies challenge traditional regulatory structures in a number of ways. Regulatory approaches often struggle to keep pace with technological development, hindering the translation of R&D into innovative products and services that can be brought to market. Conversely, innovative start-ups often do not have the knowledge or resources to navigate or influence the regulatory environment.

Regulators have devised a variety of different approaches to directly support businesses to bring new products or services to market, to enable the testing and development of new products, and to allow new business models. These regulator-led initiatives have been categorised as 'advisory approaches' and 'adaptive approaches'.

Through a detailed study of these innovation-friendly regulatory approaches around the world, we hope to enhance our knowledge of how these approaches can be used to enable innovation, whilst maintaining protections for businesses, consumers, and the environment.

Advisory approaches

Advisory approaches are designed to assist businesses with new products or services to approach regulators and work with them to test and adapt them under the existing regulations.

Adaptive approaches

Adaptive approaches are when a regulator facilitates the development of new products or services by adapting existing regulatory requirements in response to learning from testing or trialling.

2. Aims and Objectives of the Project

The objective of this study is to provide a taxonomy that sets out the different types of approach that can be taken to address the accommodation of innovative products, services and business models into regulatory frameworks.

This project will provide advice on the applicability of the various types of innovation-friendly regulatory approaches; for example, the types of initiative that regulators should employ to promote innovation in a certain sector or to support a certain technology. The project should include what/when/how to use these approaches to encourage innovation. The project will also cover the limitations of these new approaches and make recommendations on best practice.

Regulators have adopted a variety of new approaches in recent years to support innovation and the deployment of new technology in the industries they regulate, but there has not been

a robust analysis on the effectiveness of these innovation-friendly approaches. Because many of these new regulatory approaches have only been operational for a short time, there has not been an assessment of the impacts and we do not know what the counterfactual is. That is why there is a need for a dedicated study into the types of approaches that are being adopted by regulators globally.

In order to compare the approaches of regulators in different sectors and countries, it will be necessary for the contractor to take account of various factors, including: level of market development; regulator powers/capacity; eligibility criterion; terms of participation; types of innovation (incremental, disruptive, product, service, business model), among others. The effectiveness, operating model and risks of these various approaches will vary across countries, and sometimes sectors, depending on numerous factors.

This project will gather intelligence for policy development. The learnings will help create a best practice guide which will be used:

- 1) To ensure that the Regulators' Pioneer Fund (RPF)¹ achieves maximum impact to support innovative businesses across the economy. The project will help determine the success measures of impactful initiatives and will be drawn upon to give practical guidance to regulators on how to design and implement new approaches that drive innovation. The findings of this project will be shared with regulators that are launching new initiatives using RPF funding where appropriate.
- 2) To inform all regulators of the range of best practice in innovation-friendly approaches and help them identify future areas where new approaches could be used to support innovative businesses and facilitate the deployment of new technologies.
- 3) To underpin our wider work on innovation-friendly regulation by building a robust evidence base and an understanding of what the most impactful regulatory approaches are. This will also help our understanding of what practical steps need to be taken to ensure the successful implementation of innovation-friendly regulatory approaches.

4) Suggested Methodology

Suggested Methodology (main methodology)	<ol style="list-style-type: none">1. A literature review of policy documents, academic literature and policy journals. This will help the winning contractor identify cases where innovation-friendly regulatory techniques have achieved positive outcomes. The contractor should identify defining characteristics and common themes across these case studies which make them compatible with different regimes/outcomes. The detailed case studies should span a range of countries and sectors. Any quantitative and qualitative data on the existing regulatory approaches would be useful. This review should focus on those countries who have been identified as being actively engaged in innovation-friendly approaches to regulation.2. We expect the contractor to report back to us after
---	--

¹ The RPF is a new £10m fund announced at the Autumn Budget 2017 which will deliver against the government agenda UK to become the world's most innovative economy. The fund will invest in regulator-led initiatives that support businesses to bring innovative products/services to the market. <https://apply-for-innovation-funding.service.gov.uk/competition/199/overview>

	<p>the literature review to agree the success measures and key characteristics that are required for positive outcomes. This will then inform the focus of the subsequent study into how regulators should implement new approaches to achieve the desired outcomes.</p> <p>3. In depth Interviews with policy officials/regulators/ academics/businesses that are working on designing/operationalising/evaluating or benefitting from successful regulatory techniques will inform the research. The Individuals of interest for interviews would be identified in the literature review stage. These might involve up to 15 one-to-one conversations. The winning contractor should draw lessons from key stakeholders working in this area.</p> <p>4. We would like the winning bidder to draw together and analyse outcomes, to inform a best practice guide on the back of the interviews and literature review. From this analysis, a report should be produced outlining the findings and conclusions drawn from the interviews and literature. We would also want the final outputs to include presentations on the findings and a spreadsheet of the sources that have been collated as part of the literature review stage.</p> <p>The Report is expected to be carried out over a 3 month period with 1 month used for literature review, by 31st January 2019, and second and third months for interview and drawing out lessons, by 31st March 2019.</p>
<p>If applicable: Total number of Participants (experimental design) Total number of Interviews (survey) Total number of Interviews (qualitative) Total number of Focus Groups Total number of Case Studies Please add additional rows if more than one sample is required i.e. learners as well as employers.</p>	<p>Insert numbers:</p> <p>We would seek advice from the winning contractor We would seek advice from the winning contractor</p>
<p>Any other specific requirements</p>	
<p>Project completion date</p>	<p>March 2019</p>

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.

5) 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 case studies and key themes emerging from analysis of innovation-friendly regulatory approaches nationally and internationally.
- Presentation 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 (CVS, Excel) on submission of the report.

Annex A – GDPR

Annex A

Drafting guidance in square brackets and in blue should be deleted following completion.

Description	Details
Subject matter of the processing	In depth interviews with policy officials/regulators/ academics/businesses that are working on designing/operationalising/evaluating or benefiting from successful regulatory techniques will inform the research. The individuals of interest for interviews would be identified in the literature review stage. These might involve up to 15 one-to-one conversations. The winning contractor should draw lessons from key stakeholders working in this area.
Duration of the processing	Processing will take place from Monday 1 st December 2018 for the duration of the contract plus a duration of supplier retention period e.g. 12 month retention period. The contract will end on Friday 26 th March 2019. <i>NB: The supplier retention period is the amount of time the supplier has been contracted to store the data after the expiry of the contract/agreement. This will not apply to most contracts/agreements. In most cases, data will be either securely destroyed or transferred back to BEIS at the end of the contract/agreement and stored within BEIS.</i>
Nature and purposes of the processing	The purpose of in- depth interviews is to gain in depth knowledge about best practices on Innovation Friendly Regulation around the world. This will help inform our regulatory framework to encourage innovation. It will also help inform the operation of RPF.
Type of Personal Data	We expect names, telephones, address of interviewees.
Categories of Data Subject	In depth interviews with policy officials/regulators/ academics/businesses that are working on designing/operationalising/evaluating or benefiting from successful regulatory techniques will inform the research.

<p>Plan for return and destruction of the data once the processing is complete</p> <p>UNLESS requirement under European Union or European member state law to preserve that type of data</p>	<p><i>The supplier retention period is the amount of time the supplier has been contracted to store the data after the expiry of the contract/agreement. This will not apply to most contracts/agreements.</i></p> <p><i>Please note that the capitalised words in this section may require amendment depending on the type of terms and conditions in your contract:</i></p> <p>The data will be retained by the Contractor for a duration of supplier retention period e.g. 12 month retention period, following which The Contractor will:</p> <ul style="list-style-type: none"><i>a) To be used where BEIS wishes to retain the data:</i> provide the Authority with a complete and uncorrupted version of the Personal Data in electronic form (or such other format as reasonably required by the Authority) and erase from any computers, storage devices and storage media that are to be retained by the Contractor after the expiry of the Contract. The Contractor will certify to the Authority that it has completed such deletion.<i>b) To be used where BEIS wishes to have the data deleted all together:</i> delete the Personal Data and erase the Personal Data from any computers, storage devices and storage media that are to be retained by the Contractor after the expiry of the Contract. The Contractor will certify to the Authority that it has completed such deletion.
--	---