

## **Invitation to Tender (ITT):**

### **Workforce engagement research project**

### **Provision of Research Services**

Reference	FRC2020 -051 Workforce Engagement research project
Date	July 2020

## 1. Background

The Financial Reporting Council (FRC) regulates auditors, accountants and actuaries and sets the UK's Corporate Governance and Stewardship Codes. We seek to promote transparency and integrity in business; our work is aimed at investors and others who rely on company accounts, audit and high-quality risk management. As the Competent Authority for audit in the UK, the FRC sets auditing and ethical standards and monitors and enforces audit quality.

## 2. Project / Requirements

### 2.1. Summary and Background

The FRC 2018 [UK Corporate Governance Code](#) (hereafter the "Code") includes measures to enhance the voice of the workforce in the boardroom. The objective is to ensure that board members are exposed to concerns, issues and ideas of the workforce and thus consider these matters as they relate to company culture and strategy.

Information gleaned from the workforce is also relevant to the business plan, and boards should use the information to inform their decision making. The Code suggests a range of different approaches to facilitate workforce engagement (Provision 5) which companies may choose from, or combine. A company may also use an alternative approach of its own if it is able to articulate the reason for doing so and explain how this alternative is effective for the particular circumstances.

The objective of this research project is to answer the following research questions with respect to FTSE 350 companies:

1. Why did companies choose their particular approach(es), and what did they base this choice on?
2. How have the chosen approach(es) been operationalised by different (types of) companies?
3. To what extent, after one year of employing the approach(es), have effective outcomes been achieved both for the company and its employees?

### 2.2. Project scope and objectives

The project will gather information to answer the above research questions by progressing through three levels of enquiry, labelled A, B and C. As the project moves from level A to B to C, the depth of the enquiry and the company-specificity of questions asked will increase, while the sample size will decrease.

The methods for levels A and B are defined in the table below. In contrast, the methods for level C are left relatively open for bidding suppliers to innovate on in their proposals; the expected efficacy of the proposed methods at level C will therefore be a key criterion of our assessment of competing bids (see also the separate bid assessment section below). Likewise, we define a minimum sample size for enquiry level C but the sample sizes for levels A and B are left open for suppliers to suggest based on what they judge to be possible within the project budget and timeframe.

Level of enquiry	Method	Sample size
(A) Annual Reports	Use content analysis to extract information from annual reports, and other published company material, in which some companies provide details of their workforce engagement activities	To be determined by bidders
(B) Tailored questionnaires	Send questionnaires to companies to gather information that is not already published.	To be determined by bidders
(C) Deep dives	Engage directly with key individuals in a company to gain more detailed information about how workforce engagement policies and processes have operated in practice	<i>Minimum</i> of 15 companies covered

The deep dives are necessary because some of the detail needed to answer our research questions will only be available from the people closely related to the workforce engagement processes (for example, HR directors, NEDs, employee representatives, trade union representatives). This might involve, for example, the following kinds of activities, or combinations of them:

- One-to-one interviews with a range of different functions (for example HR director, NED, employee representative, trade union representative) all related to one company.
- Roundtables comprising people of the same function related to several companies.
- An information gathering workshop bringing together a range of representatives covering several companies in order to discuss the merits of different approaches. This would not necessarily be limited to board members or management and could potentially include worker representatives, such as trade union representatives.

### 2.3. Sampling and sample size

We expect a *minimum* of 16 companies to be covered by the deep dives. We would like more than this where cost allows and would, in particular, *expect* more if only one person per company were involved. Given the current situation with COVID-19 we would anticipate the deep dives being carried out using secure, tele-conferencing facilities.

At each level of enquiry, the sample of companies (from the FTSE 350 population) should:

- Represent different industrial sectors and different sizes<sup>1</sup> of company across the FTSE 350.

At levels B and C, the sample of companies (from the FTSE 350 population) should:

- Be broadly representative of the prevalence of the types of workforce engagement across the FTSE 350 (as revealed at level A). We are aware that as very few companies have appointed a board director from the workforce, this will impact on the possible sample composition.

<sup>1</sup> In the deep dives we would expect at least two companies from each quartile of the FTSE 100 and FTSE 250 (as ranked by market capitalisation).

### 2.4. Suggested Approach

The table below lists just a few of the topics that might be addressed at each of the three levels of enquiry. The list is *not* exhaustive; it is included here to illustrate the different levels of enquiry.

	(A) Annual report	(B) Tailored questionnaires	(C) Deep dives
Q1: Choice of approach to workforce engagement	Engagement approach and the high-level reasoning for it.	More detail on why the chosen approach was appropriate and any changes that have been made since.	Internal decision-making process and role of workforce in the decision; details of other approaches considered.
Q2: Operationalisation of the chosen approach to engagement	Processes the company uses to ensure effective engagement.	Scope of the topics covered by dialogue with the workforce.  How the individual(s) specific to the chosen engagement approach were appointed (NED, workforce director, etc.)	Details of how the board operates with respect to workforce engagement, who leads discussions, examples of discussions/decisions that have involved the workforce, etc.
Q3: Outcomes of engagement	Extent to which the annual report explains the outcome(s) of workforce engagement.	Examples of clear identifiable outcomes as a result of the workforce engagement.  How decisions were communicated back to the workforce	Examples of clear identifiable outcomes as a result of the workforce engagement.  Overall lessons learned by the company about the engagement process, the workforce, and the wider business operation/model.

We ask all bidding suppliers to include in their tender proposals their own sets of *example* topics and questions for each level of enquiry. These should be of sufficient depth and breadth to demonstrate your understanding of the project and of workforce engagement processes and policies.

Upon appointment we will expect the successful bidder to develop *full* topic sets and questions for each level of enquiry; these should be aligned with the project’s three high-level research questions set out in section 2.1.

### 2.5. Deliverables, milestones and high-level timeline

The project is expected to run from mid-August 2020 to the end of January 2021.

<u>Date</u>	<u>Deliverable / milestone</u>
26-08-2020	Topic set for enquiry levels A and B (combined because what is not answerable from annual reports will be put in the questionnaires), to be reviewed by the FRC
16-10-2020	Interim report (approx. 5 pages) summarising findings from enquiry levels A and B
02-11-2020	Topic set for enquiry level C deep dives, to be reviewed by the FRC
08-01-2020	Draft Final Report to the FRC for comment
29-01-2020	Final Report to the FRC

The Final Report, should include the full detail of results from each level of enquiry with an analytical narrative that answers the research questions set out in section 2.1. The report should also highlight examples of workforce engagement, and outcomes, that may be considered to represent ‘good practice’. A clear explanation of the methods used in each part of the project should be included, with the criteria and coding for the content analysis of annual reports for enquiry level A.

### 2.6. Liaison arrangements

The FRC policy team should be updated on project progress and consulted on key decisions in the research design and operationalisation.

- Regular progress updates (by conference call)
- The FRC to sign-off topic sets and questions for each level of enquiry
- Preliminary findings presentation before the draft report
- Draft report and final report both to be signed-off

## 2.7. Tender Evaluation

Bids will be assessed on the following basis:

- Understanding of our requirement (supported by relevant experience, track record and / or transferrable knowledge).
- The suitability of your overall approach (including methodology and management).
- Example sets of topics and questions for each level of enquiry.
- The sample sizes for each enquiry level.
- Your proposed methods for the 'deep dives' in enquiry level C.
- Experience of the proposed personnel (working with FTSE350 companies at a senior level).
- Pricing / cost of your proposal.

## 2.8. References

The FRC reserves the right to take up references. You will be required to provide references within the Tender Response Document. References must be relevant to the FRC requirement and within the last five years.

## 2.9. Your tender response

*Please submit all documents in a Microsoft Word compatible format (or Open Document format).*

The proposal should be no more than 7 pages in total, excluding annexes, and include:

- A succinct summary of your proposal, including an estimated timeline of project milestones and deliverables, including delivery of the interim report. If you believe it will be necessary to diverge from the high-level timeline set out in section 2.5 above please indicate this.
- Details of the proposed approach including proposed methods for the 'deep dives' in enquiry level C and sample sizes for each enquiry level. It should also include a high-level overview of the coding scheme to be used for the content analysis in enquiry level A.
- Example sets of topics and questions for each level of enquiry.
- Details of how you propose to recruit participants from FTSE350 companies to achieve the desired number of deep dives.
- Demonstrable understanding of workforce engagement practices, as well as corporate governance more broadly.
- Details of personnel to be involved including their role for this project and their relevant experience.
- Your organisation's experience of similar projects and relevant research capability.
- Arrangements for managing this work and quality assuring outputs, including cross-checking or moderation among content analysts for enquiry level A.
- A budget, including a breakdown of time and costs per activity, in line with the principal project objectives outlined above. If your proposal includes options, these should be costed separately.
- Project team CVs contained in an annex, along with any additional information about your organisation that you think is relevant.

Bids should identify any real or perceived conflicts of interest.

## 3. Cost /Financials

- The tenderer should provide a fixed fee for the work exclusive of VAT however inclusive of all expenses. Tenderers should detail their cost in the Tender Response Documents in the format specified. No other costs should be charged on top of the fixed fee, unless and except if the scope has materially changed from what is set out / agreed. Changes to the scope / cost must be mutually agreed.
- **The FRC does not anticipate tender bids over £55,000 excluding VAT**

**4. References**

- The FRC reserves the right to take up references. You will be required to provide references within the Tender Response Document. References must be relevant to the FRC requirement and within the last five years.

**5. Use of ITT & publication**

Tenderers **must not** undertake any publicity activity regarding the procurement within any section of the media

**6. Questions & Clarifications**

- 6.1. Tenderers may raise questions or seek clarification regarding any aspect of this further competition at any time prior to the tender clarification deadline.
- 6.2. Tenderers may raise questions or seek clarification within the timeframe by sending questions to [procurement@frc.org.uk](mailto:procurement@frc.org.uk) in the following format.

Nature of query / clarification	Query / Clarification

- 6.3. The FRC will not enter into exclusive discussions regarding the requirements of this ITT with tenderers.
- 6.4. To ensure that all tenderers have equal access to information regarding this tender opportunity, the FRC will publish all its responses to questions raised by Tenderers on an anonymous basis.
- 6.5. Responses will be published in a questions and answers document to all Tenderers who have indicated that they wish to participate.

**7. Timeline**

DATE/TIME	ACTIVITY
15-07-2020	Publication of this Invitation to Tender
27-07-2020 5pm	Deadline to submit clarification questions
29-07-2020	The FRC to publish responses to clarification questions
07-08-2020 5pm	Deadline for tender submission to the FRC.
17-08-2020	Contract Start
16-10-2020	Interim summary report of results from enquiry levels A and B
08-01-2021	Draft report
29-01-2021	Final report; contract end

**8. Conduct**

- 8.1. The tenderer must not communicate to any person the tender price, even approximately, before the date of the contract award other than to obtain, in strict confidence, a price for insurance required to submit the tender.
- 8.2. The tenderer must not try to obtain any information about any other person's tender or proposed tender before the date of the contract award.
- 8.3. The tenderer must not make any arrangements with any other person about whether or not they should tender, or about their tender price.

- 8.4. The tenderer must not offer any incentive to any member of the FRC's staff for doing or refraining from doing any act in relation to the tender.
- 8.5. If the tenderer engages in any of the activities set out in this paragraph or if the FRC considers the tenderer's behaviour is in any way unethical the FRC reserves the right to disqualify the tenderer from the procurement.
- 8.6. The tenderer must represent and warrant that a conflict of interest check has been carried out and that check revealed no conflicts of interest.
- 8.7. Where a conflict of interest exists or arises or may exist or arise during the procurement process or following contract award the tenderer must inform the FRC and submit proposals to avoid such conflicts.
- 8.8. Tenderers must obtain for themselves at their own responsibility and expense all information necessary for the preparation of tenders. The FRC is not liable for any costs incurred by the tenderer as a result of the tendering procedure. Any work undertaken by the tenderer prior to the award of contract is a matter solely for the tenderer's own commercial judgement.

## 9. Due Diligence

- 9.1. While reasonable care has been taken in preparing the information in this ITT and any supporting documents, the information within the documents does not purport to be exhaustive nor has it been independently verified.
- 9.2. Neither the FRC, nor its representatives, employees, agents or advisors:
  - makes any representation or warranty, express or implied, as to the accuracy, reasonableness or completeness of the ITT and supporting documents; or
  - Accepts any responsibility for the adequacy, accuracy or completeness of the information contained in the ITT and supporting documents nor shall any of them be liable for any loss or damage, other than in respect of fraudulent misrepresentation, arising as a result of reliance on such information or any subsequent communication.
- 9.3. It's the tenderer's sole responsibility to undertake such investigations and take such advice, including professional advice, as it considers appropriate in order to make decisions regarding the content of its tenders and in order to verify any information provided to it during the procurement process and to query any ambiguity, whether actual or potential.
- 9.4. It is a requirement that the successful supplier (i) comply with all applicable laws and regulations including, without limitation, the Bribery Act 2010, the Equality Act 2010 and the Modern Slavery Act 2015; and (ii) in addition to any contractual requirement(s), inform the FRC immediately upon becoming aware of any event (including actual or threatened court proceedings) which may impact upon the reputation of the FRC, whether or not connected with the Supplies and/or Services.

## 10. Submitting a Tender

- 10.1. Tenderers must submit their tender response within the deadline to [procurement@frc.org.uk](mailto:procurement@frc.org.uk)
- 10.2. Where a Tender Response Tender is provided, potential providers must align their tender response with that format.
- 10.3. A Tender must remain valid and capable of acceptance by the Authority for a period of 90 days following the Tender Submission Deadline. A Tender with a shorter validity period may be rejected.

## 11. Evaluation

The FRC will award the contract on the basis of the tender which best meets the evaluation criteria aligned to the requirements.

## 12. Acceptance of Tender & Notification of Award

- 12.1. The FRC reserves the right to amend, add to or withdraw all or any part of this ITT at any time during the procurement.
- 12.2. The FRC shall not be under any obligation to accept the lowest price tender or any tender and reserves the right to accept such portion or portions as it may decide, unless the tenderer includes a formal statement to the contrary in the tender. The FRC also reserves the right to award more than one contract to fulfil the requirement.
- 12.3. The tenderer will be notified of the outcome of the tender submission at the earliest possible time.
- 12.4. Where the procurement process is subject to EU public procurement directives, a minimum standstill period of 10 calendar days will apply between communicating the award decision electronically to tenderers and awarding the contract.
- 12.5. Nothing in the documentation provided by the FRC to the tenderer during this procurement or any communication between the tenderer and the FRC or the FRC's representatives, employees, agents or advisers shall be taken as constituting an offer to contract or a contract. No tender will be deemed to have been formally accepted until the successful tenderer has received a formal contract award letter from the FRC.

## 13. Additional Information

- 13.1. Please use the attached Tender Response Document for your reply.
- 13.2. The Terms and Conditions that will apply to this proposed Agreement are attached. Suppliers should accept the T&C's with no material changes.