

**INVITATION TO TENDER**

**&**

**STATEMENT OF REQUIREMENT**

**Review of RIS1 major scheme cost and scope changes**

**CPV Code: 73200000**

**Supplementary Code: 73210000 & 73220000**

**Tender Reference: ORR/CT/19-33**

**Purpose of document**

The purpose of this document is to invite proposals for **Review of RIS major scheme cost and scope changes** for the Office of Rail and Road (ORR).

This document contains the following sections:

1. Introduction to the Office of Rail and Road

2. Statement of Requirement

3. Tender Proposal & Evaluation Criteria

4. Procurement Procedures

**1. Introduction to the Office of Rail and Road (ORR)**

The Office of Rail and Road is the independent safety and economic regulator of Britain’s railways who now also hold Highways England to account for its day-to-day efficiency and performance, running the strategic road network, and for delivering the five year road investment strategy set by the Department for Transport (DfT).

ORR currently employs approximately 300 personnel and operates from 6 locations nationwide. The majority of personnel are located at ORR’s headquarters, One Kemble Street, London.

Our strategic objectives

**1. Drive for a safer railway:**   
Enforce the law and ensure that the industry delivers continuous improvement in the health and safety of passengers, the workforce and public, by achieving excellence in health and safety culture, management and risk control.

**2. Support a better service for customers:**   
Use our powers to hold the industry to account for performance and standards of service across the railway network, for passengers and freight. Promote on-going improvement in the experience of passengers by encouraging the industry to work together, including to provide greater transparency of information.

**3. Secure value for money from the railway, for users and funders:**   
Strengthen incentives for the whole industry, including through competition and contestability in the supply chain, to drive greater efficiency from the use and maintenance of existing railway capacity and more cost-effective investment in the network.

**4. Secure improved performance and value for money from the strategic road network:**   
Secure improved performance, including efficiency, safety and sustainability, from the strategic road network, for the benefit of road users and the public, through proportionate, risk-based monitoring, increased transparency, enforcement and robust advice on future performance requirements.

Supplying ORR

The ORR procurement unit is responsible for purchasing the goods and services necessary for ORR to achieve its role as the economic and health & safety regulator of the rail industry.

The ORR Procurement unit subscribes to the following values:

* to provide a modern, efficient, transparent and responsible procurement service;
* to achieve value for money by balancing quality and cost;
* to ensure contracts are managed effectively and outputs are delivered;
* to ensure that processes have regard for equality and diversity; and
* to ensure that procurement is undertaken with regard to Law and best practice.

For further information on ORR please visit our website: [www.orr.gov.uk](http://www.orr.gov.uk)

Small and Medium Enterprises

ORR considers that this contract may be suitable for economic operators that are small or medium enterprises (SMEs) and voluntary organisations. However, any selection of tenderers will be based on the criteria set out for the procurement, and the contract will be awarded on the basis of the most economically advantageous tender.

Small and Medium Enterprises and Voluntary Organisations:

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| --- | --- | --- | --- | --- | --- |
| **Enterprise Category** | **Headcount** | **Turnover** | **Or** | | **Balance Sheet Total** |
| **Micro** | **<10** | **≤ € 2 million** | | **≤ € 2 million** | |
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| **Small** | **<50** | **≤ € 10 million** | | **≤ € 10 million** | |
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| **Medium** | **<250** | **≤ € 50 million** | | **≤ € 43 million** | |
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| **Large** | **>251** | **> € 50 million** | | **> € 43 million** | |

Please ensure that you indicate how your organisation is categorised on the Form of Tender document which should be submitted along with your proposal.**2. Statement of Requirement**

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| **2.1 Background to the project** |
| The Office of Rail and Road (ORR) independently monitors Highways England’s management of the motorways and main A roads in England. We monitor how Highways England delivers performance, including efficiency, safety and sustainability, for the benefit of road users and the public. This includes investigating, publishing reports and giving advice to the Secretary of State (SoS) on whether and at what cost it is meeting the objectives of the Road Investment Strategy (RIS) and providing advice to the SoS on the development of RIS2.  In RIS1 Highways England has a significant major schemes portfolio. Over time, there have been cost movements in some of these schemes. When RIS1 was set, the scopes of the major schemes were at different levels of maturity. Consequently, as scope has matured there have been changes to some of these projects and their associated costs.  There are some examples where the cost movements have been more significant, indicative of particular trends in different stages of development. For example, we have seen more pronounced cost movements in the pre-options phase and in the development of smart motorways when comparing the baseline to a recent cut of data. We are keen to understand in more detail what impact scope changes have had, and what this can potentially tell us to be aware of in RIS2. |
| **2.2 Project Objectives & Scope** |
| **Objectives**  The project is being commissioned to carry out a review of the impact that scope change has had in the movement of some RIS1 major scheme costs in RIS1 and the implications for RIS2.  **Scope**  We are seeking services from a contractor for the following key activities:   1. Familiarise itself with the work the ORR team has done to understand the reasons for cost movements in RIS1 major schemes 2. Using a sample of schemes (to be proposed by ORR), conduct analysis to confirm whether scope changes were the primary driver of cost changes, and if they were not, what were the reasons 3. Where scope change was the primary reason for cost movements, categorise the drivers of change, e.g.:    1. Change in client scheme requirements    2. Unforeseen ground conditions    3. Archaeological finds    4. Change in standards or a requirement to exceed standards    5. A condition imposed, or necessary change as a result of a consultation, statutory or otherwise, for example in response to stakeholder concerns    6. For VfM reasons    7. Opportunity to integrate other works such as renewals    8. Other factors 4. Provide a description of what the scope change was 5. Identify at what point was the scope change identified, and by whom 6. Consider how Highways England’s processes control the risk of scope creep 7. Whether there is evidence that Highways England has captured the lessons learnt from the reasons scope has changed in its processes   While the aim is to understand how scope has impacted on cost increases, we will ask for at least one scheme to be analysed where a scope change has reduced costs.  The key deliverable of the work is a report to us on the findings, including any advice to us or Highways England on what can be done to minimise the risk that scope change increases costs of the major schemes portfolio.  **Methodology**  The contractor should set out its proposed methodology to deliver the objectives and scope of work defined above. The methodology should include as a minimum:   * A proposal for the study to address the scope outlined above. * A proposal for engaging Highways England, as relevant, to inform the review. * A proposal for engaging the ORR team. * A comprehensive project plan. * Outline plan for presenting the outputs and deliverables.   The contractor should work with ORR and Highways England to ensure that findings and recommendations are understood and agreed as appropriate. Any conclusions drawn should be backed up by material and balanced evidence.  The contractor is expected to manage its own inputs and ensure the impacts of its work are conducted in a manner which is cognisant of the wider licence and monitoring framework principles – i.e. the approach should be proportionate, seek to avoid duplication, and use existing management information where available.  Both ORR and Highways England expect the contractor to be competent, experienced and knowledgeable in cost estimation, cost assessment, project and programme governance and management and advice in regulatory reviews.  We note that there are potentially suitable contractors for this work who may already be working for Highways England. This piece of work has Highways England’s support and as such we would welcome tenders from appropriately qualified contractors. Any potential conflict of interest should be declared as part of your response and we would expect assurances around how they would be mitigated.  The contractor should note that confidentiality clauses will be required. The use/reference to this activity outside of the provision of the outputs will require approval in writing from Highways England, including any marketing material or references to approach.  Highways England will be involved in the evaluation of proposals against the stated criteria except for the proposed cost of the work, which will remain confidential and be evaluated solely by ORR. Highways England is also expected to attend interviews of potential contractors.  **Engagement / collaboration with Highways England**  The appointed contractor will have access to available information necessary to carry out the review and to deliver the objectives and scope identified above.  Highways England is supportive of this review and has defined its objectives for collaborative working as follows:   * The coordination of all work with Highways England will be through Highways England’s Strategy and Planning Division who are responsible for managing the relationship with ORR; * At the start of the commission the contractor will be required to engage with Highways England to set out its proposed approach and project plan for conducting the review; * Engagement with Highways England should be proportionate and sensitive of Highways England resource pressures; * Meetings with Highways England must be agreed at least 2 weeks in advance, with a written agenda clearly setting out the purpose and objectives of the meeting; and * Meetings with Highways England staff will be at Highways England’s offices unless previously agreed with the Strategy and Planning team. |
| **2.3 Project Outputs, Deliverables and Contract Management** |
| The main deliverable will be a written report, in pdf and to a publishable standard, setting out your objective assessment and findings of the impact that scope change has had in the movement of some RIS1 major scheme costs in RIS1 and the implications for RIS2. The report is due by the end of February 2020.  The project plan should be agreed at an inception meeting at the earliest mutually convenient time after contract award. The consultant is to deliver:   * progress reports against the project plan (by email) on at least a fortnightly basis; * progress meetings (by teleconference or face-to-face) with the project manager on at least a monthly basis; * an interim presentation of emerging findings; and * a draft report for comment which covers the areas listed above for the final report. |
| **2.4 Project Timescales** |
| The provisional project timetable is as follows:   * Inception meeting and commencement 02 October 2019. * Regular updates on progress and any issues. * Presentation of interim findings in December 2019 (or as agreed). * Draft report by end December 2019. * Final report by end February 2020. |
| **2.5 Budget and Payment Schedule** |
| The maximum budget for this piece of work is £40,000 (inc. of expenses, exc. of VAT), however ORR expects bids to be significantly below this threshold.  ORR expects bidders to provide a fixed fee for the delivery of this requirement, bidders should set out their fee proposals in the format set out in Section 3.2 below.  Payment of the total fee will be based on the delivery and acceptance by ORR of all required outputs and/or deliverables. |
| **2.6 Further project related information for bidders** |
| **Intellectual Property Rights**  ORR will own the Intellectual Property Rights for all project related documentation and artefacts.  **Transparency requirements**  Please note ORR is required to ensure that any new procurement opportunity above £10,000 (excluding VAT) is published on Contracts Finder, unless the ORR is satisfied it is lawful not to. Once a contract has been awarded as a result of a procurement process, ORR is required to publish details of who won the contract, the contract value and indicate whether the winning supplier is a SME or voluntary sector organisation.  **Confidentiality**  All consultants working on the project may be required to sign a confidentiality agreement and abide by the Cabinet Office’s protective marking guidelines, which ORR uses to protectively mark a proportion of its information. In addition, the consultant may be required to sign additional confidentiality agreements as required by external stakeholders.  **Sub-Contractors**  Contractors may use sub-contractors subject to the following:   * That the Contractor assumes unconditional responsibility for the overall work and its quality; * That individual sub-contractors are clearly identified, with fee rates and grades made explicit to the same level of detail as for the members of the lead consulting team.   Internal relationships between the Contractor and its sub-contractors shall be the entire responsibility of the Contractor. Failure to meet deadlines or to deliver work packages by a subcontractor will be attributed by ORR entirely to the Contractor. |

**3. Tender Response & Evaluation criteria**

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| **3.1 The Tender Response** |
| The proposals for this project should include an outline of how bidders will meet the requirement outlined in section (ii) “Statement of Requirement”. The following information should be included:    **a) Understanding of customer's requirements**   * demonstrate an understanding of the requirement and overall aims of the project.   **b) Approach to customer's requirements**   * provide an explanation of the proposed approach and any methodologies bidders will work to * a project plan to show how outputs and deliverables will be produced within the required timescales, detailing the resources that will be allocated * proposed reporting arrangements * an understanding of the risks, and explain how they would be mitigated to ensure delivery * whether any conflicts or potential conflicts of interest exist, and if so, how they would be mitigated * what support bidders will require from ORR   **c)** **Proposed delivery team**   * name of proposed personnel including details of how their key skills, experience and qualifications align to the delivery of the project; and * project roles and responsibilities.   **d) Pricing**  A fixed fee for the project inclusive of all expense. This should include a breakdown of the personnel who will be involved with the project, along with associated charge rates and anticipated time inputs that can be reconciled to the fixed fee. |
| **3.2 Evaluation Criteria** |
| Tenders will be assessed for compliance with procurement and contractual requirements which will include:   * Completeness of the tender information * Completed Declaration Form of Tender and Disclaimer * Tender submitted in accordance with the conditions and instructions for tendering * Tender submitted by the closing date and time * Compliance with contractual arrangements.   Tenders that are not compliant may be disqualified from the process. We reserve the right to clarify any issues regarding a Bidder’s compliance. It will be at ORR's sole discretion whether to include the relevant Bidder’s response in the next stage of the process.  The contract will be awarded to the Bidder(s) submitting the **‘most economically advantageous tender’**. Tenders will be evaluated according to weighted criteria as follows:  **Methodology (20%)**  The proposal should set out the methodology by which the project requirement will be initiated, delivered and concluded. In particular, it must:  a) explain the methodology and delivery mechanisms to ensure that the requirements of this specification are met in terms of quality;  b) explain how your organisation will work in partnership with ORR’s project manager to ensure that the requirement is met;  c) explain how your organisation will engage with external stakeholders; and  d) demonstrate an understanding of the risks, and project dependencies and explain how they would be mitigated to ensure project delivery.  **Delivery (20%)**  The proposal should set out how and when the project requirement will be delivered. In particular, it must:  a) explain how this work will be delivered to timescale and how milestones will be met, detailing the resources that will be allocated to each stage; and  b) explain the resources that will be allocated to delivering the required outcomes/output, and what other resources can be called upon if required.  **Relevant skills and knowledge (40%)**  The proposal should set out any experience relevant to the project requirement. In particular, it must:  a) provide CVs of the consultants who will be delivering the project;  b) highlight relevant experience of the delivery team for this project, submitting examples of similar projects.  **Cost / Value for money (20%)**  A **fixed fee** for delivery of the project requirement (inclusive of all expenses), including a full price breakdown for each stage of the project and details of the day rates that will apply for the lifetime of this project.   |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | | Name of consultant | Grade | Role | Day rate | Number of days | Total cost (ex VAT) | |  |  |  |  |  |  | |  |  |  |  |  |  | |  |  |  |  |  |  |   Please note that consultancy grades should align with the following definitions:   |  |  | | --- | --- | | **Grade** | **Requirement** | | Junior consultant | Demonstrable experience in a wide range of projects in their specialist field. Evidence of client facing experience and support services to wider consultancy projects. | | Consultant | Notable experience and in-depth knowledge of their specialist field. Evidence of a wide range of consultancy projects and client facing experience. Support work in process and organisational design and leading workshops and events. | | Senior Consultant | Substantial experience in their specialist field and in a consultancy/training role. Previous experience in project management and working in a wide range of high quality and relevant projects. Familiarity of the issues/problems facing public sector organisations. | | Principal Consultant | Substantial experience in their specialist field and in a consultancy/training role. Sound knowledge of the public sector and current policy and political issues affecting it. Previous experience in project management on at least three major projects, preferably in the public sector and using the PRINCE2 or equivalent method. | | Managing Consultant | Substantial experience in their specialist field and in a consultancy role. In depth knowledge of the public sector and of current policy and political issues affecting it. Previous experience in project management on at least 5 major projects, preferably in the public sector and using PRINCE2 or equivalent methods. | | Director / Partner | Extensive experience in their specialist field, in which they are nationally or internationally renowned as an expert. Extensive experience of leading or directing major, complex and business critical projects; bringing genuine strategic insight. In depth knowledge of the public sector and of current policy and political issues affecting it. |   **Marking Scheme**   |  |  | | --- | --- | | Score 0 | Unanswered or totally inadequate response to the requirement. Complete failure to grasp/reflect the core issues | | 1 | Minimal or poor response to meeting the requirement. Limited understanding, misses some aspects | | 3 | Good understanding and interpretation of requirements, providing clear evidence of how the criterion has been met | | 5 | Excellent response fully addressing the requirement and providing significant additional evidence of how the criterion has been met and how value would be added | |

**4. Procurement procedures**

Tendering Timetable

The timescales for the procurement process are as follows:

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| **Element** | **Timescale** |
| Invitation to tender issued | 30 Aug 2019 |
| Deadline for the submission of clarification questions | 09 Sept 2019 10:00 |
| Deadline for submission of proposals | 13 Sept 2019 10:00 |
| Shortlisted suppliers notified | 17 Sept 2019 |
| Interviews and presentations\* | 23-24 Sept 2019 |
| Award contract | 25 Sept 2019 |
| Project Inception Meeting | 02 Oct 2019 |

\*Please ensure that the Project Manager and other key consultants who will be delivering this work are available to give presentations on the interview date

Tendering Instructions and Guidance

**Amendments to ITT document**

Any advice of a modification to the Invitation to Tender will be issued as soon as possible before the Tender submission date and shall be issued as an addendum to, and shall be deemed to constitute part of, the Invitation to Tender. If necessary, ORR shall revise the Tender Date in order to comply with this requirement.

**Clarifications & Queries**

Please note that, for audit purposes, any query in connection with the tender should be submitted via the ORR eTendering portal.The response, as well as the nature of the query, will be notified to all suppliers without disclosing the name of the Supplier who initiated the query.

**Submission Process**

Tenders must be uploaded to the ORR eTendering portal **no later** than the submission date and time shown above. Tenders uploaded after the closing date and time may not be accepted. Bidders have the facility to upload later versions of tenders until the closing date/time.

Please submit the Form of Tender and Disclaimer certificate along with your proposal. If you are already registered on our eTendering portal but have forgotten your login details, please contact the portal administrator.

An evaluation team will evaluate all tenders correctly submitted against the stated evaluation criteria.

By issuing this Invitation to Tender ORR does not undertake to accept the lowest tender, or part or all of any tender. No part of the tender submitted will be returned to the supplier

**Cost & Pricing Information**

Tender costs remain the responsibility of those tendering. This includes any costs or expenses incurred by the supplier in connection with the preparation or delivery or in the evaluation of the tender. All details of the tender, including prices and rates, are to remain valid for acceptance for a period of 90 days from the tender closing date.

Tender prices must be in Sterling.

Once the contract has been awarded, any additional costs incurred which are not reflected in the tender submission will not be accepted for payment.

**References**

References provided as part of the tender may be approached during the tender stage

**Contractual Information**

Following the evaluation of submitted tenders, in accordance with the evaluation criteria stated in this document, a contractor may be selected to perform the services and subsequently issued with an order.

Any contract awarded, as a result of this procurement will be placed with a prime contractor who will take full contractual responsibility for the performance of all obligations under the contract. Any sub-contractors you intend to use to fulfil any aspect of the services must be identified in the tender along with details of their relationship, responsibilities and proposed management arrangements.

The proposal should be submitted in the form of an unconditional offer that is capable of being accepted by the ORR without the need for further negotiation. Any contract arising from this procurement will be based upon ORR’s standard Terms & Conditions (see Form of Agreement attached). You should state in your proposal that you are willing to accept these Terms & Conditions.

The ORR does not expect to negotiate individual terms and expects to contract on the basis of those terms alone. If you do not agree to the Conditions of Contract then your tender may be deselected on that basis alone and not considered further.

The ORR may be prepared to consider non-fundamental changes to the standard terms and conditions in exceptional circumstances. If there are any areas where you feel you are not able to comply with the standard ORR terms and conditions, then details should be submitted as a separate annex to the proposal using the following format:

|  |  |  |  |
| --- | --- | --- | --- |
| ***Clause Number*** | ***Existing Wording*** | ***Proposed Wording*** | ***Rational for amendment*** |
|  |  |  |  |
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Any services arising from this ITT will be carried out pursuant to the contract which comprises of:

* ORR Terms & Conditions;
* Service Schedules;
* this Invite to Tender & Statement of Requirement document; and
* the chosen supplier’s successful tender.

## ORR’s Transparency Obligations and the Freedom of Information Act 2000 (the Act)

The ORR is a central Government department and as such complies with the Government’s transparency agenda. As a result, there is a presumption that contract documentation will be made available to the public via electronic means. The ORR will work with the chosen supplier to establish if any information within the contract should be withheld and the reasons for withholding it from publication.

Typically the following information will be published:

* contract price and any incentivisation mechanisms
* performance metrics and management of them
* plans for management of underperformance and its financial impact
* governance arrangements including through supply chains where significant contract value rests with subcontractors
* resource plans
* service improvement plans

Where appropriate to do so information will be updated as required during the life of the contract so it remains current;

In addition, as a public authority, ORR is subject to the provisions of the Freedom of Information Act 2000. All information submitted to a public authority may need to be disclosed by the public authority in response to a request under the Act. ORR may also decide to include certain information in the publication scheme which it maintains under the Act. If a bidder considers that any of the information included in its proposal is commercially sensitive, it should identify it and explain (in broad terms) what harm may result from disclosure if a request is received and the time period applicable to that sensitivity. Bidders should be aware that even where they have indicated that information is commercially sensitive ORR may be required to disclose it under the Act if a request is received. Bidders should also note that the receipt of any material marked “confidential” or equivalent by the public authority should not be taken to mean that the public authority accepts any duty of confidence by virtue of that marking. If a request is received ORR may also be required to disclose details of unsuccessful bids

Please use the following matrix: to list such information:

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| --- | --- | --- |
| Para. No. | Description | Applicable exemption under FOIA 2000 |
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