



Government
Actuary's
Department

Invitation to Tender

Economic Scenarios

Government Actuary's Department

12th July 2021

You must submit your tender via email to procurement@gad.gov.uk



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At GAD, we seek to achieve a high standard in all our work. We are accredited under the Institute and Faculty of Actuaries' Quality Assurance Scheme. Our website describes **the standards** we apply.

Schedule 1: Invitation to Tender

1 Introduction

- 1.1 The Government Actuary's Department is seeking a Provider to provide stochastic simulations, as further described in the separate Specification Document accompanying this ITT.

2 Government Actuary's Department

- 2.1 The Government Actuary's Department ('GAD') is a non-ministerial Government department with a mission to improve the stewardship of public sector finances by supporting effective decision-making and robust financial reporting through actuarial analysis, modelling and advice. We provide actuarial solutions including financial risk analysis, modelling and advice to support the UK public sector. We apply the actuarial profession's technical skills, consultancy discipline, high standards of professionalism and industry sector knowledge to solve financial challenges faced by the UK public sector

3 Means of communication

- 3.1 GAD is posting this tender electronically on Contracts Finder and will use email to manage this procurement and communicate with Tenderers. Accordingly, there will be no hard copy documents issued and all communications with GAD including the submission of Tenderers responses will be conducted via electronic means.

4 Overview of the ITT and procurement process

- 4.1 Prior to commencing formal evaluation, Tender Responses will be checked to ensure they are fully compliant with the conditions of Tender. Non-compliant Tender Responses may be rejected by GAD. Tender Responses which are deemed by GAD to be fully compliant will proceed to evaluation. These will be evaluated using the selection criteria and weightings as detailed in the Specification Document. Tenderers are required to complete all templates or documents in accordance with the instructions.

5 Proposed contract

- 5.1 It is GAD's intention to enter into a contract.
- 5.2 GAD reserves the right not to enter into any resultant Contract as a result of this ITT
- 5.3 The Tenderer will within 30 days of being called upon to do so by GAD execute the Contract in the form set out in the "Short form terms and conditions" outlined on the gov.uk website or in such amended form as may subsequently be agreed:

<https://www.gov.uk/government/publications/short-form-terms-and-conditions>

6 Tendering process – general

- 6.1 These instructions are designed to ensure that all Tenders are given equal and fair consideration. It is important therefore that you provide all the information asked for in the format and order specified.
- 6.2 Please email any queries to procurement@gad.gov.uk, if you have any doubt as to what is required or will have difficulty in providing the information requested.

GAD is bound by the Public Contracts Regulations 2015:

<https://www.gov.uk/guidance/public-sector-procurement-policy>

- 6.3 Tenderers should read this ITT, all instructions and enclosed documents carefully before completing the Tender documentation. Failure to comply with these requirements for completion and submission of the Tender Response may result in the rejection of the Tender. Tenderers are advised therefore to acquaint themselves fully with the extent and nature of the services and contractual obligations. These instructions constitute the Conditions of Tender. Participation in the tender process automatically signals that the Tenderer accepts these Conditions of Participation.
- 6.4 All material issued in connection with this ITT shall remain the property of GAD and shall be used only for the purpose of this procurement exercise. All Due Diligence Information shall be either returned to GAD or securely destroyed by the Tenderer (at GAD's option) at the conclusion of the procurement exercise.
- 6.5 The Tenderer shall ensure that each and every sub-contractor abides by the terms of these instructions and the Conditions of Tender. Where a consortium or sub-contracting approach is proposed, Tenderers shall complete the relevant questions in the Application Form. Relevant information should be provided in the Tender in respect of all consortium members and Sub-Contractors to enable GAD to assess the overall consortium or core supply base. Further information on a Tenderers Sub-Contractors may be requested and be subject to approval by GAD. Other Sub-Contractors can be added to at a later date with the consent of GAD following approval. Where the members of a consortium change at any time after submission of a Tender, the Tenderer should inform GAD immediately. If the change in membership of the consortium materially affects the evaluation of the Tender, GAD may reject the Tender. Consortia may be required to form a legal entity which will enter into the resulting Contract. This is without prejudice to GAD's right to require a consortium to contract with it by other means, such as through a lead Contractor or by the consortium members assuming joint and several liability. The Tenderer shall ensure that each Sub-Contractor, consortium member and adviser complies with the terms of the ITT.
- 6.6 The Tenderer shall not make contact with any other employee, agent or consultant of GAD who is in any way connected with this procurement exercise during the period of this procurement exercise, unless instructed otherwise by GAD. Unless otherwise stated in the ITT or in writing by GAD, all communications from Tenderers (including Tenderers' Sub-Contractors, consortium members, consultants and advisers) during the procurement must be made using the instructions provided. GAD will not respond to communications made by other means and Tenderers should not rely on communications from GAD unless they are made appropriately.

- 6.7 GAD shall not be committed to any course of action as a result of:
- issuing this ITT or any invitation to participate in this procurement exercise;
 - an invitation to submit any Response in respect of this procurement exercise;
 - communicating with a Tenderer or a Tenderer's representatives or agents in respect of this procurement exercise; or
 - any other communication between GAD and/or any Tenderer (whether directly or by its agents or representatives) and any other party.
- 6.8 Tenderers shall accept and acknowledge that by issuing this ITT GAD shall not be bound to accept any Tender and reserves the right not to conclude a Contract for some or all of the services for which Tenders are invited.
- 6.9 GAD reserves the right to amend, add to or withdraw all or any part of this ITT at any time during the procurement exercise.
- 6.10 If, once a Tenderer has expressed interest in a Tender and subsequently decided not to proceed /withdraw from the process they must notify GAD.

7 Confidentiality of the ITT and Related Documents

- 7.1 Subject to the exceptions referred to in the following paragraph, the contents of this ITT are being made available by GAD on condition that:
- 7.2 Tenderers shall at all times treat the contents of the ITT and any related documents (together called the 'Information') as confidential, save in so far as they are already in the public domain;
- 7.3 Tenderers shall not disclose, copy, reproduce, distribute or pass any of the Information to any other person at any time or allow any of these things to happen;
- 7.4 Tenderers shall not use any of the Information for any purpose other than for the purposes of submitting (or deciding whether to submit) a Tender; and
- 7.5 Tenderers shall not undertake any publicity activity within any section of the media.
- 7.6 Tenderers may disclose, distribute or pass any of the Information to their advisers, sub-contractors or to another person provided that either:
- This is done for the sole purpose of enabling a Tender to be submitted and the person receiving the Information undertakes in writing to keep the Information confidential on the same terms as if that person were the Tenderer; or
 - The Tenderer obtains the prior written consent of GAD in relation to such disclosure, distribution or passing of Information; or
 - The disclosure is made for the sole purpose of obtaining legal advice from external lawyers in relation to this ITT or any procurement arising from it; or
 - The Tenderer is legally required to make such a disclosure.

- 7.7 The definition of 'person' includes but is not limited to any person, firm, body or association, corporate or incorporate.
- 7.8 GAD may disclose detailed information relating to Tenders to its officers, employees, agents or advisers and GAD may make any of the ITT documents available for private inspection by its officers, employees, agents or advisers. GAD also reserves the right to disseminate information that is materially relevant to the procurement to all Tenderers, even if the information has only been requested by one Tenderer, **subject** to the duty to protect each Tenderer's commercial confidentiality in relation to its Tender (unless there is a requirement for disclosure under the Freedom of Information Act, as explained in the next section).

8 Freedom of Information, Government Policy and Transparency

- 8.1 In accordance with the obligations and duties placed upon public authorities by the Freedom of Information Act 2000 and its equivalents in the devolved administrations (the 'FoIA'), GAD may, acting in accordance with the FoIA Act, be required to disclose information submitted by the Tenderer to GAD.
- 8.2 In respect of any information submitted by a Tenderer that it considers to be commercially sensitive the Tenderer should:
- Clearly identify such information as "commercially sensitive";
 - Explain the potential implications of disclosure of such information; and
 - Provide an estimate of the period of time during which the Tenderer believes that such information will remain commercially sensitive.
- 8.3 Where a Tenderer identifies information as commercially sensitive, GAD will endeavor to maintain confidentiality. Tenderers should note, however, that, even where information is identified as commercially sensitive, GAD may be required to disclose such information in accordance with the FoIA. In particular, GAD is required to form an independent judgment concerning whether the information is exempt from disclosure under the FoIA and whether the public interest favours disclosure or not. Accordingly, GAD cannot guarantee that any information marked 'confidential' or "commercially sensitive" will not be disclosed and accepts no liability for any loss or prejudice caused by the disclosure of information.
- 8.4 Where a Tenderer receives a request for information under the FoIA during the procurement process, this should be immediately passed on to GAD and the Tenderer should not attempt to answer the request without first consulting with GAD.

- 8.5 The parties acknowledge that, except for any information which is exempt from disclosure in accordance with the provisions of the FOIA, the content of this ITT and any resultant contract is not Confidential Information. GAD shall be responsible for determining in its absolute discretion whether any of the content of the Agreement is exempt from disclosure in accordance with the provisions of the FOIA. Notwithstanding any other term of this Agreement, the Contractor hereby gives his consent for GAD to publish the Agreement in its entirety (but with any information which is exempt from disclosure in accordance with the provisions of the FOIA redacted), including from time to time agreed changes to the contract, to the general public.
- 8.6 Tenderers should be aware that the Government has set out the need for greater transparency in public sector procurement and that if they are awarded a Contract, the tender documents and Contract will be published on the Contracts Finder website:
- <https://www.gov.uk/contracts-finder>
- 8.7 In some circumstances, limited redactions may be made to some contracts before they are published

9 Timescales

- 9.1 Please refer to the Specification Document for information regarding the estimated Project Timetable.

10 Communication

- 10.1 All communications and documents forming part of the tender should be clearly headed “Invitation to Tender” and include the project name (Economic Scenarios), tender reference number, the name, email contact details and position of the person making the communication.
- 10.2 Requests for Tender clarifications must be submitted via email (to procurement@gad.gov.uk) by Wednesday 10th August.

11 Employee Issues – “TUPE”

- 11.1 The Parties to any resultant contract recognise that the Transfer of Undertakings (Protection of Employment) Regulations 1981 (TUPE), or as amended may apply in respect of this Agreement, and should they so apply, that for the purposes of those Regulations, the undertaking concerned (or any relevant part of the undertaking) shall transfer to the Contractor on the commencement of full operations. If applicable, details will be provided in the Specification Document.

12 Preparation of Tender and Costs

- 12.1 Tenderers must obtain for themselves at their own responsibility and expense all information necessary for the preparation of Tenders. Tenderers are solely responsible for the costs and expenses incurred in connection with the preparation and submission of their Tender and all other stages of the selection and evaluation process. Under no circumstances will GAD, or any of their advisers, be liable for any costs or expenses borne by Tenderers, sub-contractors, suppliers or advisers in this process even if the Tender is terminated or amended by GAD for any reason whatsoever.
- 12.2 Tenderers are required to complete and provide all information required by GAD in accordance with the Conditions of Tender and the Invitation to Tender. Failure to comply with the Conditions and the Invitation to Tender may lead GAD to reject a Tender Response.
- 12.3 GAD relies on Tenderers' own analysis and review of information provided. Consequently, Tenderers are solely responsible for obtaining the information which they consider is necessary in order to make decisions regarding the content of their Tenders and to undertake any investigations they consider necessary in order to verify any information provided to them during the procurement process.
- 12.4 Tenderers must form their own opinions, making such investigations and taking such advice (including professional advice) as is appropriate, regarding the services and their Tenders, without reliance upon any opinion or other information provided by GAD or their advisers and representatives. Tenderers should notify GAD promptly of any perceived ambiguity, inconsistency or omission in this ITT, any of its associated documents and/or any other information issued to them during the procurement process via email (to procurement@gad.gov.uk).

13 Tender Validity

- 13.1 Your Tender should remain open for acceptance for a period of 90 days. A Tender valid for a shorter period may be rejected.

14 Submission of Tenders

- 14.1 ALL tenders must be submitted via email (to procurement@gad.gov.uk). Hard copy tenders sent directly to GAD will not be considered.
- 14.2 GAD may at its own absolute discretion extend the closing date and the time for receipt of Tenders specified.
- 14.3 Any extension granted under the paragraph above will apply to all Tenderers.

- 14.4 The tender and any documents must be in the English language - Price and any financial data provided must be submitted in, or converted to pounds sterling. Payment against any resultant Purchase Order will likewise be made in Pounds sterling. Multiple documents may be submitted in response to each question however they must be uploaded into one zipped file (Winzip). If you have any queries regarding acceptable file formats, please refer to the supplier guidance documents.
- 14.5 GAD does not accept responsibility for the premature opening or mishandling of Tenders that are not submitted in accordance with these instructions.
- 14.6 Tenderers should not include in the Tender any extraneous information which has not been specifically requested in the ITT including, for example, any sales literature, standard terms of trading etc.

15 Disclaimers

- 15.1 Whilst the information in this ITT and supporting documents has been prepared in good faith, it does not purport to be comprehensive nor has it been independently verified.
- 15.2 Neither GAD, nor any relevant Other Contracting Bodies (OCBs) nor their advisors, nor their respective directors, officers, members, partners, employees, other staff nor agents:
- makes any representation or warranty (express or implied) as to the accuracy, reasonableness or completeness of the ITT; or
 - accepts any responsibility for the information contained in the ITT or for their fairness, accuracy or completeness of that information 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.
- 15.3 Any persons considering making a decision to enter into contractual relationships with GAD following receipt of this ITT should make their own investigations and their own independent assessment of GAD and its requirements for the services and should seek their own professional financial and legal advice.
- 15.4 Neither the issue of the ITT nor any of the information presented in it should be regarded as a commitment or representation on the part of GAD to enter into a contractual arrangement. Nothing in the ITT or in any other communication made between GAD and any other party should be interpreted as constituting a contract, agreement or representation between GAD and any other party (save for a formal award of contract made in writing and supported by a duly authorised Purchase Order) or as constituting a contract, agreement or representation that a contract shall be offered.
- 15.5 Any Contract or Purchase Order concluded as a result of this ITT shall be governed by English law.

16 Collusive behaviour

16.1 Any Tenderer who:

- fixes or adjusts the amount of its Tender by or in accordance with any agreement or arrangement with any other party; or
- communicates to any party other than GAD the amount or approximate amount of its proposed Tender or information which would enable the amount or approximate amount to be calculated (except where such disclosure is made in confidence in order to obtain quotations necessary for the preparation of the Tender or insurance or any necessary security); or
- enters into any agreement or arrangement with any other party that such other party shall refrain from submitting a Tender; or
- enters into any agreement or arrangement with any other party as to the amount of any Tender submitted; or
- offers or agrees to pay or give or does pay or give any sum or sums of money, inducement or valuable consideration directly or indirectly to any party for doing or having done or causing or having caused to be done in relation to any other Tender or proposed Tender, any act or omission;

shall (without prejudice to any other civil remedies available to GAD and without prejudice to any criminal liability which such conduct by a Tenderer may attract) be disqualified.

17 No inducement or Incentive

- 17.1 The ITT is issued on the basis that nothing contained in it shall constitute an inducement or incentive nor shall have in any other way persuaded a Tenderer to submit a Tender or enter into any other contractual agreement.

18 Contract Execution

- 18.1 The Tenderer in submitting the Tender undertakes that in the event of the Tender being accepted by GAD and GAD confirming in writing such acceptance to the Tenderer, the Tenderer will within 30 days of being called upon to do so by GAD execute the Contract in the form set out in the “Short form terms and conditions” outlined on the gov.uk website or in such amended form as may subsequently be agreed:

<https://www.gov.uk/government/publications/short-form-terms-and-conditions>

- 18.2 Tenderers should acknowledge that Acceptance of the Tender may require an element of clarification between appraisal and finalisation.
- 18.3 GAD shall be under no obligation to accept the lowest priced or any Tender.

19 Tender Clarifications

- 19.1 All requests for clarification about the requirements or the process of this procurement exercise shall be submitted via email (procurement@gad.gov.uk).
- 19.2 Any request for clarification regarding the ITT should be submitted at the earliest opportunity via email and in any event no later than the deadline for clarifications set out in the Timetable. No questions will be accepted after the clarification deadline.
- 19.3 GAD will respond to all reasonable clarifications as soon as possible but cannot guarantee a minimum response time. GAD will publish all clarifications and its responses to all Tenderers other than in exceptional circumstances.
- 19.4 If a Tenderer believes that a request for clarification is commercially sensitive, the Tenderer should clearly state this when submitting the clarification request. However, if GAD considers either that:
- the clarification and response is not commercially sensitive; or
 - all Tenderers may benefit from its disclosure
- GAD will inform the Tenderer, which will have an opportunity to withdraw it. If the clarification is not withdrawn, the clarification request and Authority's response will be published to all Tenderers.
- 19.5 GAD may not respond to a clarification or publish it where GAD considers that the response may prejudice GAD's commercial interests. In such circumstances, GAD will inform the Tenderer of its view.
- 19.6 In order to ensure equality of treatment of Tenderers, GAD intends to publish the questions and clarifications raised by Tenderers together with GAD's responses (but not the source of the questions) to all participants on a regular basis.
- 19.7 GAD reserves the right (but is not obliged) to seek clarification of any aspect of a Tender and/or provide additional information during the evaluation phase in order to carry out a fair evaluation. Failure to respond adequately may result in the Tender being rejected.

20 Amendments to Tender Documents

- 20.1 At any time prior to the deadline for the receipt of Tenders, GAD may modify the ITT by amendment. Any such amendment will be numbered and dated and issued by GAD to all prospective Tenderers. In order to give prospective Tenderers reasonable time in which to take the amendment into account in preparing their Tenders, GAD may, at its discretion, extend the Deadline for receipt of Tenders.

21 Late Tenders

- 21.1 Any Tender received at the designated point after the closing date may be rejected unless the Tenderer can provide irrefutable evidence that the Tender was capable of being received by the due date and time and that only electronic difficulties prevented such receipt.

22 Tenderers Modification and Withdrawal

- 22.1 Tenderers may modify their Tender prior to the Deadline, no Tender may be modified subsequent to the Deadline for receipt.
- 22.2 The modification notice must state clearly how GAD should implement the modification.
- 22.3 Tenderers may withdraw their Tender at any time prior to the Deadline.

23 Right to reject, disqualify, cancel, clarify or vary the Tender process

- 23.1 GAD reserves the right to reject or disqualify a Tenderer where:
- the Tenderer fails to comply fully with the requirements of this Invitation to Tender or is guilty of a serious misrepresentation in supplying any information required in this document; or expression of interest; or PQQ; and/or
 - there is a change in identity, control, financial standing or other factor impacting on the selection and/or evaluation process affecting the Tenderer.
- 23.2 GAD reserves the right to:
- amend the terms and conditions of the Invitation to Tender process,
 - cancel the evaluation process at any stage; and/or
 - require the Tenderer to clarify its Tender in writing and/or provide additional information. (Failure to respond adequately may result in the Tenderer not being selected)
 - revisit information contained in a Tender at any time to take account of subsequent changes to a Tenderer's circumstances; or
 - at any point during the procurement require a Tenderer to certify there has been no material change to information submitted in its Tender and in the absence of such certificate, reject the Tender.

24 References

- 24.1 At any stage GAD may visit/contact customer reference site(s) of the Tenderer and may seek written references from any other designated customers which are not visited.

25 Introduction to the Tender Process

- 25.1 The Tender process will be conducted to ensure that tenders are evaluated fairly to ascertain the most economically advantageous tender (MEAT) or alternative methodology will be detailed in the Specification Document.

26 Process including Tender Evaluation

- 26.1 The evaluation of Tenders will, as applicable, proceed through the following phases of evaluation:

Phase 1
Receipt and Opening: - ITT Responses will be formally logged. Any ITT Response that is received after the deadline may be rejected and not considered for evaluation. Tenders received before that deadline will remain unopened until the deadline or such time thereafter when all Tenders are opened together.
Phase 2
Technical and commercial evaluation by panel members who will undertake independent evaluation
Phase 3
Moderation and merging of technical and commercial evaluation scores/rankings to produce preliminary ranking.
Phase 4
Bidder Presentations/Clarification Phase (if required).
Phase 5
GAD Reference Site Visits (if required)
Taking up of written customer references (if required)
Phase 6
Final moderation by the Tender Evaluation Panel (if required)
Phase 7
Evaluation Report and Approval of Recommendation
Phase 8
Subject to a 10 day standstill period (if appropriate), Contract Award

Note: In accordance with Phase 3 of the Process above, it is noted that GAD will adopt a Total Quality Management scoring methodology similar to those illustrated below. The actual criteria will be confirmed in the Specification Document.

Technical criteria will be evaluated as follows:

SCORE	DESCRIPTION FOR SCORE OF THE CRITERIA
100%	Tender fully meets the criterion set
80%	Tender would require minor modification but almost fully meets the criterion with only a few gaps in the evidence remaining
60%	Tender would require some modification but addresses most of the criterion, but may not be detailed enough and/or has several gaps remaining
30%	Tender would require significant modification due to significant gaps
0%	Tender does not meet the specification or policy need

Commercial criteria will be evaluated as follows:

SCORE	DESCRIPTION FOR SCORE OF THE CRITERIA
100%	There is full justification for the levels of staffing and the overall resources are appropriate. The tender is the best value for money for the work proposed to meet the specification advertised
80%	There is some justification for the levels of staffing and the overall resources requested. The tender is reasonable value for money for the work proposed to meet the specification advertised.
60%	Limited rationale is given for the resources requested and/or the tender does not offer very good value for money, but is not poor value
30%	The tender is relatively poor value for money with little/no justification for costs or resources requested.
0%	The tender costs are not considered value for money and the applicant provided no rationale for costs or resources requested

- 26.2 In addition, weightings will be as given within the tender, reflecting the importance attached to the evaluation questions.
- 26.3 External advisors may be requested to provide advice on complex issues in regard to Tenderer's responses. Such advice will be considered, prior to scoring, by GAD's evaluation panel.

27 Notice of Award

- 27.1 GAD will inform all Tenderers of its intention to award a Contract (or not if all tenders did not meet our requirements), following a minimum standstill period of 10 calendar days (if appropriate) from receipt of the notice, subject to there being no substantive challenge to that intention; a Contract will be formally awarded to the successful Tenderer. GAD (where appropriate) will publish an Award Notice in the Official Journal of the European Union in accordance with the Public Contracts Regulations 2015 within 30 days of the award of the contract.

28 Debriefing

- 28.1 Following the conclusion of the tender process unsuccessful Tenderers will be notified in writing which will detail:-
- The criteria and weightings for the award of the contract
 - The reasons for the decision including the characteristics and advantages of the successful tender
 - The score obtained by the successful tenderer
 - The reason why the unsuccessful tenderer did not meet the technical specification
 - The name of tenderer to be awarded the contract
 - Date the standstill period is expected to end

29 Collusive Tendering

29.1 The essence of the public procurement process is that GAD shall receive bona fide competitive Tenders from all Tenderers. In recognition of this principle you warrant this is a bona fide Tender, intended to be competitive and that you have not fixed or adjusted the amount of the Tender or the rates and prices quoted by or under or in accordance with any agreement or arrangement with any other party.

29.2 In entering this electronic process you also confirm that you have not done, and undertake that you will not do at any time, any of the following acts:

Communicate to a party other than GAD the amount or approximate amount of your proposed Tender (other than in confidence in order to obtain quotations necessary for the preparation of the Tender and/or insurance), enter into any agreement or arrangement with any other party that he shall refrain from tendering or as to the amount of any Tender to be submitted, or offer or agree to pay or give or pay or give any sum of money inducement or valuable consideration directly or indirectly to any person for doing or having done or causing or having caused any act or omission to be done in relation to any other tender or the proposed Tender.

29.3 In this document:

- the word “person” includes any person, body or association, corporate or incorporate
- the phrase “any agreement or arrangement” includes any transaction, formal or informal whether legally binding or not.

30 Canvassing

- 30.1 In entering this tender process you confirm that you have not canvassed any member, officer, employee, or agent of GAD or Other Contracting Body in connection with this ITT for the services and that no person employed by you or acting on your behalf has done any such act. Any Tenderer not complying with this, will have its Tender rejected and be excluded from this Tender.
- 30.2 You further undertake that you will not, prior to the conclusion of the tender selection process, canvass or solicit any member, employee, agent or provider of GAD or Other Contracting Body in connection with this ITT for the services or any proposed Contract or Purchase Order services and that no person employed by you or acting on your behalf will do any such act.

31 Confirmation of Tender Submission

- 31.1 In entering the tender process you confirm that any statement made in your Tender submission remains true and accurate in all material aspects.

32 Draft Contract

- 32.1 In the event that GAD wishes to enter into a Contract with any Tenderer, the Contract will largely be drawn from:
- the “Short form terms and conditions” outlined on the gov.uk website or in such amended form as may subsequently be agreed:
- <https://www.gov.uk/government/publications/short-form-terms-and-conditions>
- any successful Tenderers response to the Specification Document, Tender Application, Commercial Template and any other supporting documents.
- 32.2 In drafting their responses to the Specification Document and Technical Requirements, Tenderers must be mindful of this, and should ensure that their Responses are drafted in clear and concise terms which will provide a basis for translation into firm contractual commitments.

33 Purchase Orders – No PO/No Pay

- 33.1 Unless and until directed otherwise, nothing in this ITT or resultant Contract, shall be construed as giving a guarantee of any remunerative work whatsoever unless or until such work is requested and confirmed by means of a duly authorised Purchase Order.

Schedule 2: Specification

Specification

Specification reference
Specification Title
Government Actuary's Department – Stochastic Economic Scenarios
Contract Duration
3 year contract, with the option to extend the contract by 2 years and the option of a 2 year break clause

This specification, which forms part of the Invitation to Tender (ITT), comprises of three individual sections: -

- A. SPECIFICATION:** An outline of the requirement
- B. PROCUREMENT TIMETABLE:** An estimated timetable for the procurement of the proposed requirement
- C. TENDER REQUIREMENTS AND EVALUATION CRITERIA:** Provides guidance to applicants on the information that should be included within tenders and on the evaluation criteria and weightings used by appraisers when assessing and scoring tenders

Tenders for must be submitted via email to procurement@gad.gov.uk. Failure to do so may result in the tender response not being processed or the response being automatically disqualified during the evaluation stage of the tender process.

General introduction

The Government Actuary's Department ('GAD') is a non-ministerial Government department with a mission to improve the stewardship of public sector finances by supporting effective decision-making and robust financial reporting through actuarial analysis, modelling and advice. We provide actuarial solutions including financial risk analysis, modelling and advice to support the UK public sector. We apply the actuarial profession's technical skills, consultancy discipline, high standards of professionalism and industry sector knowledge to solve financial challenges faced by the UK public sector.

A key part of our advice relates to, or relies on, the potential outturns for key economic variables – in particular in relation to asset returns, inflation and future interest rates. To support our advice in this area, GAD are looking to tender for a contract for the provision of a set of stochastic economic scenarios ("scenarios", "scenario set" or "economic scenario file").

The economic scenario file should contain stochastic forecasts of economic scenarios covering inflation, interest rates, credit, derivatives, FX and a range of asset classes. The scenarios are used in several areas of our advice, particularly for asset liability model runs for pension schemes, and are used to examine and illustrate the potential range of possible future outcomes.

We require that a set of scenarios be provided to us regularly, at least quarterly, over the period of the contract. We also required that the scenarios:

- i) are based on sound economic principles and methods;
- ii) are calibrated to reflect the market and economic conditions at the effective date of the calibration to ensure consistency with the date at which they are used; and
- iii) are calibrated to reflect either the provider's own view or GAD's own house-view on the long-term outcome for key economic variables in the scenario set.

GAD does not currently have a current provider of this service, though we have previously purchased one-off calibrations to support particular projects.

In addition to the standard scenario files based on these principles, it is standard actuarial practice to consider other plausible assumptions and demonstrate the sensitivity of our advice to other assumptions. To inform this, we also require the ability to generate additional scenarios based on alternative views and calibration parameters and/or carry out stress testing on the scenario set.

GAD recognises that it may also be possible to procure access to an “economic scenario model” to provide the capability for GAD to produce the scenarios files described above ourselves. Due to current levels of capacity and capability, our preference is for the scenario sets to be provided to us based on calibration targets, adjustments and stresses that are discussed and agreed with the supplier. It is therefore essential that tenderers have the capability to deliver scenarios to us directly. However, depending on the level of capacity and capability required to maintain and run such models ourselves, GAD are interested to explore this as an additional service and tenderers are invited to disclose such service provision in their response.

B: Specification

Background

B.1 The specification is split into a number of areas:

- Quality criteria
- Service provision
- Technical specification
- Ad-hoc/bespoke calibration
- Commercial criteria

B.2 Each of the specifications is outlined further below.

Quality criteria

B.3 GAD requires the service provider to be an expert in the required areas and be able to demonstrate prior experience at providing similar service for similar clients in the past. Tenderer's will thus be assessed based on the following quality criteria:

- **Organisational experience, expertise and staff** – the supplier should have an experienced and well-resourced team covering a wide variety of areas such as research & development, assumptions setting, model calibration, model build, IT systems and consulting. The supplier should have experience of producing real world calibrations covering all major asset classes, updated at least quarterly, and/or bespoke calibrations for client-specific needs.

To support our assessment, tenderers are asked to provide details on:

- The background of their organisation
- Previous assignments
- Curriculum Vitae's for proposed key personnel
- **Documentation and transparency** – GAD requires the underlying assumptions and methodology to be well documented to ensure that the approach is transparent and can be easily understood and communicated to our clients when we use the scenario set. The documentation should cover all aspects of the existing modelling and calibration capability - Methodology, Assumptions, Process, any IT Requirements, Data, Validation & Backtesting.

The documentation should be updated in a timely manner when new models or assumptions are introduced or when house views are reviewed and updated.

The documentation should set out and justify the period of any historic data series used, the weighting given to different data, any seasonal or other adjustments made to data and how any discontinuities in data or regime changes are dealt with.

- **Risk management** – GAD requires the provider to have robust risk management in place to ensure continuity of service and quality. This includes but is not limited to:
 - Business continuity plans
 - Details of model development plans
- **Ongoing support** – GAD requires the provider to provide support as necessary throughout the lifetime of the contract. This includes but is not limited to:
 - Initial technical support, on-boarding and upskilling
 - access to any seminars or online knowledge resources
 - technical support and incident resolution within agreed SLAs
 - telephone support (weekdays 8am to 5pm)
 - other ongoing help and support as required.

- **Robustness and quality management** – GAD requires the scenario set provided to be of high quality, robust and free from errors:
 - The supplier should ensure that there is an appropriate cycle for assumption reviews, such that it maintains the integrity of the modelling approach
 - All data used for setting assumptions and calibrations should come from a reputable, named source.
 - All data should go through a robust cleaning process. Documentation should be available setting out how data is checked, when data is excluded, corrected or adjusted and any tolerance levels for data errors etc.
 - Tenderers are expected to outline the processes they use to ensure that the scenarios are accurate and free from error.
- **Ethics, data protection, dissemination and sustainability** – as a public sector organisation, GAD can only contract with companies with the highest ethical standards.

Service provision – regular scenario set delivery

B.4 As part of the contract, GAD requires the scenario set to be delivered on a regular basis. In particular we require a scenario set to be delivered:

- on a regular basis calibrated to periodical market conditions;
- by an agreed timetable;
- including an agreed number of stochastic scenarios;
- including projections over an agreed projection period and timestep;
- in an agreed format;
- to an agreed technical calibration specification (see below under “Technical specification”);
- including an agreed range of variables and economies (see below under “Technical specification”).

B.5 We also expect that any implementation planning and onboarding will be done in collaboration with our Chair of the Investment Technical Committee and other GAD staff. During this phase we expect regular discussions and agreement on how to resolve any issues or delays, as they may arise. Throughout the term of the contract, we require regular meetings to understand developments (current and future), updates and new releases, and to provide feedback.

B.6 The table below shows the essential and desirable criteria

Criteria	Essential criteria	Desirable criteria
Calibration frequency	Quarterly at quarter end (i.e. at 31 March, 30 June, 30 September, 31 December)	Monthly calibrations on request

Number of days after effective date that the calibration is delivered	Delivery within one calendar month of the effective date	
Maximum number of simulations	At least 1,000	Up to 10,000
Projection timestep	Annual/yearly frequency (e.g. returns over 1 year or annual changes in indices)	
Maximum projection period	At least a 30 year time horizon	Up to 50 years
Format	.csv, .txt or another format as agreed	
Summary reports	Provision of, or ability to generate, good quality output reports allowing for easy validation of outputs and inputs. This should include summaries of the projection's variables and fit to calibration targets (e.g. min/max/mean/median/percentiles/correlations)	
Onboarding, management information and governance	<ul style="list-style-type: none"> • Clear plan for onboarding and user acceptance testing. • Regular update meetings to understand developments (current and future), updates and new releases. 	

Technical specification

- B.7 As outlined in the service provision specification, the scenarios set should be delivered according to an agreed technical specification. GAD requires a “real world” calibration set – whereby the scenarios are intended to model observed distributions for asset returns, interest rates, inflation rates and other variables described below (GAD does not require, as standard, a “risk neutral” calibration where the distributions are set in a consistent manner with observed market prices).
- B.8 GAD is likely to rely on the expertise and knowledge of the service provider in the calibration of the scenario set and setting the underlying parameters and assumptions. As such, our preference is to take the provider’s “default” or “off-the-shelf” calibration. However, where these are not in line with our views or where we would like to run scenario analysis we would like the option to vary these. As such, we are likely to request, from time to time, ad-hoc calibrations based on alternative calibration parameters (see below under “Ad-hoc / bespoke calibrations”).
- B.9 The table below provides further detail on the technical specification for the standard calibration.

Criteria	Essential criteria	Desirable criteria
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Calibration approach	<ul style="list-style-type: none"> • Real world calibration • Short- and long-term targets combined into a single calibration 	Risk neutral calibrations on request
Initial conditions and calibration targets	<ul style="list-style-type: none"> • Calibrated to initial market conditions (such that the starting point of the projections is consistent with current market conditions and expectations) 	
Long-term calibration targets	<ul style="list-style-type: none"> • Default / house view targets based on recognised, well-justified and researched approach • Appropriate selection of statistical targets • House view calibration reviewed and updated regularly • Ability to vary the long-term targets for the different variables/asset classes 	
Simulation approach	<ul style="list-style-type: none"> • Models used for each variable are based on recognised and reasonable approach with strong economic rationale • Choice of random number generation is documented and justified 	Ability to vary other simulation parameters – e.g. speed of reversion to long term target
Economies included in projections / currency of projections	<ul style="list-style-type: none"> • UK economy calibration • Projections in £ GBP • Inclusion of broad worldwide indices 	<ul style="list-style-type: none"> • Regional economies (e.g. US, EU, etc)
Total return projections for fixed income assets	<ul style="list-style-type: none"> • Detailed output including price and yield (or alternative as adapted to tenderer's modelling approach) • Return for a range of strategies <ul style="list-style-type: none"> ○ Rebalancing back to target maturity, coupon and rating ○ Buy and hold • Coverage for: <ul style="list-style-type: none"> ○ Nominal UK government bonds ○ Index linked UK government bonds (linked to RPI) ○ Investment grade corporate bonds ○ Sub-investment grade corporate bonds (i.e. high yield) 	<ul style="list-style-type: none"> • Pricing of bond assets with user-defined cashflows • Ability to value derivatives based on underlying credit model (e.g. credit default swaps)
Total return projections for other assets	<ul style="list-style-type: none"> • At a minimum, projections are required for: <ul style="list-style-type: none"> ○ UK equity index ○ Global equity index ○ UK property • An ability to simulate returns on alternative investments (such as hedge funds, infrastructure and private equity) 	<ul style="list-style-type: none"> • Ability to value derivatives based on underlying equity model (e.g. call and put options) • Wider range of equity indices

Interest rates, yields, currency and inflation	<ul style="list-style-type: none"> • Government yield curve • Government real yield curve • Credit spread • Inflation • Earnings 	<ul style="list-style-type: none"> • Ability to model separate scenarios for RPI and CPI • Models allow for the possibility of negative interest rates • Ability to value derivatives on underlying nominal rate model (e.g. interest rate swaps) • Ability to value derivatives on underlying real rate model (e.g. inflation swaps)
Correlation	<ul style="list-style-type: none"> • Robust, well-justified and researched methodology for modelling cross-asset correlation and dependency 	

B.10 The following is a list of potential functionalities we may want to add to the ESM service during the term of the contract:

- Economic scenarios for emerging risks;
- Additional asset classes or currencies which aren't included initially; and
- Additional credit modelling functionality.

Ad-hoc / bespoke calibrations

B.11 In addition to the provision of a calibration provided according to the technical specification above and according to the level of service outlined above, GAD requires, from time to time, the ability to demonstrate the sensitivity to the scenario set. As such GAD needs either:

- The functionality to be provided with a scenario set based on an alternative calibration (e.g. to vary the rate of future interest rates); or
- An ability to generate this ourselves – by either:
 - Adjusting the scenario set delivered to us, for example to adjust the path of projected variables, whilst still maintaining relationships between variables.
 - Generating an ESG ourselves from by varying the calibration parameters and running the provider's model on our systems.

B.12 As outlined above, we do not currently have the capacity and capability to generate scenarios ourselves and so we require the functionality for alternative calibrations to be provided to us based on adjustments and stresses that we discuss and agree with the supplier.

B.13 However tenderers are invited to disclose the details of services they might offer in respect of the provision of access to the underlying economic scenario models to give GAD the capability to generate such scenarios.

Criteria	Essential criteria	Desirable criteria
Alternative calibration provision	<p>Be provided with, or have an ability to generate, an alternative calibration which allows us to specify alternative:</p> <ul style="list-style-type: none"> • Long term equity return • Long term nominal and real yields • Long term rate of inflation 	<ul style="list-style-type: none"> • Vary other parameters (e.g. correlations, speed with which parameters transition to long-term target) • Specify deterministic scenarios for the first n years
Scenario set adjuster		Ability to adjust the scenario set delivered to us, whilst maintaining relationships between the variables
Ability to generate the scenario set ourselves		Ability to generate our own ESG from the underlying assumptions and models

Commercial criteria

- B.14 Our objective is to enable both parties to have a clear understanding of how prices are calculated over the life of the contract and form a practical basis for an efficient commercial relationship.
- B.15 Tenderers are asked to provide costs in accordance with the attached template.
- B.16 You should include your day rates in your commercial response or as a separate document. Your day rates will form part of the Contract. Please ensure you cover all the roles in your organisation required to deliver your proposal if successful.

C: Procurement timetable

- C.1 Table 1 details an estimated project timetable for the project. Tenderers should however be aware that the Agency needs to acquire the evidence outlined in this ITT in a timely manner and you should justify your timings in your work plan.

TABLE 1. ESTIMATED PROJECT TIMETABLE	
EXPECTED DATE	INVITATION TO (ITT) TENDER
Wednesday 14 th July	Invitation to Tender (ITT) issued by the Agency
	ITT Clarification period opens*
Wednesday 28 th July	ITT Clarification period closes**
Wednesday 11 th August	Closing date for submission of ITT responses***
Wednesday 11 th August to Wednesday 25 th August	Evaluation of ITT responses
Wednesday 11 th August to Wednesday 25 th August	Tenderers contacted with points raised by appraisers for clarification on their tender, with 2 weeks to respond
Wednesday 25 th August to Wednesday 1 st September	Appraisal panel meeting held to consider clarified ITT responses
Tuesday 14 th September	Tenderers notified of outcome of appraisal and preferred Tenderer (or Tenderers) identified

* If a Tenderer wishes to raise any points of clarification over the procurement process, the actual project objectives or any other query these must be raised through the ECMS by the date specified.

** Queries will not be answered after this date.

*** Submissions must be uploaded onto the ECMS before the closing date and time.

Further Information

- C.2 For any points of clarification regarding this specification or the procurement procedures please submit queries to procurement@gad.gov.uk.

Closing Date

- C.3 Tenders should be submitted **by 11th August**. Tenders received after this time will not be considered or evaluated.

Notification of Submission of Tender

C.4 On receiving your tender you should receive an automatic email.

D: Evaluation of tenders

D.1 The Tenderers Application consists of the:

- Technical envelope (80% of overall value), in which applicants should detail the approach, the work plan and their ability to undertake the work, and
- Commercial envelope (20% of overall value), in which applicants should outline all costs to conduct the proposed work, and
- Any other relevant supporting information

D.2 Tenders will be evaluated by GAD internal appraisers using a numerical system. The table below shows the weightings that have been allocated to each section of the application form and these will be used by the appraisers:

TABLE 2. EVALUATION CRITERIA FOR SELECTION OF SUCCESSFUL TENDERER	
CRITERIA	PERCENTAGE WEIGHTINGS
TECHNICAL CRITERIA (80% overall value)	80% which is split between:
1. Quality criteria	25%
2. Service provision	10%
3. Technical specification	35%
4. Ad-hoc / bespoke calibration	10%
COMMERCIAL CRITERIA (20% overall value)	20%

The Technical Envelope

D.3 The Technical envelope is split in to 4 sections for evaluation. Guidance on how to complete each section is provided within the actual application form.

D.4 A numerical appraisal scoring system will be used to assess the information given in the Technical envelope of the tender. Appraisers will allocate a score of 0, 30, 60, 80 or 100 to each part of the Technical envelope, depending on the quality and relevance of evidence provided. The scores will then be subjected to the weightings given in Table 2.

D.5 All technical criteria will be evaluated as follows:

SCORE	DESCRIPTION FOR SCORE OF EACH CRITERIA
100	Tender fully meets or exceeds the criteria set
80	Tender would require minor modification but almost fully meets the criteria with only a few gaps in the evidence remaining
60	Tender would require some modification but addresses most of the criteria, but may not be detailed enough and/or has several gaps remaining
30	Tender would require significant modification due to significant gaps
0	Tender does not meet the specification or policy

D.6 The applicant will be automatically eliminated from the process if:

- the applicant does not reach a minimum score of 30 in the technical evaluation
- the applicant does not reach any of the essential criteria they will be automatically eliminated from the process.

The Commercial Envelope

D.7 The Commercial envelope is split in to 3 sections. Guidance on how to complete each section is provided within the actual application form.

D.8 A numerical appraisal scoring system will be used to assess the information given in the commercial envelope of the tender. Appraisers will allocate a score of 0, 30, 60, 80 or 100 to the financial envelope, depending on the quality and relevance of evidence provided. The scores will then be subjected to the weighting given in Table 2.

Requirement for the commercial envelope

D.9 Please complete the Commercial template provided. Costs should be quoted excluding VAT for the purpose of comparison of tenders. The Agency's financial year runs from 1 April to 31 March. All costings should be recorded in line with this timescale.

Evaluation of the commercial envelope

D.10 Commercial criteria will be evaluated as follows:

SCORE	DESCRIPTION FOR SCORE OF THE CRITERIA
100	There is full justification for the costs and the overall resources are appropriate. The tender is the best value for money for the work proposed to meet the specific evidence requirement advertised
80	There is some justification for the costs and the overall resources requested. The tender is reasonable value for money for the work proposed to meet the specific evidence requirement advertised.
60	Limited rational is given for the resources requested and/or the tender does not offer very good value for money, but is not poor value
30	The tender is relatively poor value for money with little/no justification for costs or resources requested.
0	The tender costs are not considered value for money and the applicant provided no rationale for costs or resources requested

Section III: Response Template

Quality criteria

Criteria	Essential criteria
Tenderer's Organisation	<p><i>Briefly describe the background and organisation of your consulting firm/organisation.</i></p> <p><i>(max 1,000 words)</i></p>
Tenderer's Experience	<p><i>Please provide information on at least 3 previous assignments similar to this solicitation for which your consulting firm/organisation were engaged.</i></p> <p><i>In doing so, please provide details of:</i></p> <ul style="list-style-type: none"> <i>• The name of the client</i> <i>• Contact person</i> <i>• Start and completion date</i> <i>• Description of the contract and services provided</i>
CV of proposed Key Personnel	<i>Please include Curriculum Vitae of proposed key personnel</i>
Documentation and transparency	<p><i>Please provide information on how you document your modelling approach and what is available/shared with clients.</i></p> <p><i>(max 500 words)</i></p>
Risk management	<p><i>Please provide your policies and approach to risk management</i></p> <p><i>(max 500 words)</i></p>
Ongoing support	<p><i>Please provide your approach to supporting and helping your clients</i></p> <p><i>(max 500 words)</i></p>
Robustness and quality management	<p><i>Please provide your policies and approach to ensure robustness and quality management</i></p> <p><i>(max 500 words)</i></p>
Ethics, data protection, dissemination and sustainability	<p><i>Please provide your policies and approach in these areas</i></p> <p><i>(max 500 words)</i></p>

Service provision – regular scenario set delivery

Criteria	Response
Calibration frequency	
Number of days after effective date that the calibration is delivered	
Maximum number of simulations	
Projection timestep	
Maximum projection period	
Format	
Summary reports	
Onboarding, management information and guidance	

Technical specification

Criteria	Essential criteria
Calibration approach	
Initial conditions and calibration targets	<i>Please describe your approach to calibrating the model's initial conditions and projections in the near term</i> <i>(max 1,000 words)</i>
Long-term calibration targets	<i>Please describe your approach to calibrating the model's long-term target and the functionality to alter these for different asset classes</i> <i>(max 1,000 words)</i>
Simulation approach	<i>Please describe your approach to simulating each of the main asset classes, providing an overview of the modelling approach, simulation method etc.</i> <i>(max 2,000 words)</i>
Economies included in projections / currency of projections	

Total return variables for fixed income assets	<i>Please outline the economic variables that can be modelled, including those included as standard and those which can be added.</i>
Total return variables for other assets	<i>Please outline the economic variables that can be modelled, including those included as standard and those which can be added.</i>
Interest rates, yields, currency and inflation	<i>Please outline the economic variables that can be modelled, including those included as standard and those which can be added.</i>
Correlation	<i>Please outline approach, including the assumptions included as standard</i>

Ad-hoc / bespoke calibrations

Criteria	Essential criteria
Alternative calibration provision	<i>Please outline the variables that can be altered, the process, the timescales for delivery and the cost.</i>
Scenario set adjuster	<i>Please provide details on whether this is provided</i>
Ability to generate the scenario set ourselves	<p><i>Tenderers are asked to outline how such a service would be provided, including where necessary additional details including:</i></p> <ul style="list-style-type: none"> <i>Number of licences / costs per licence</i> <i>Typical run times (split between any natural stages in your modelling) for a 30-year, 1,000 scenario projection</i> <i>Software/system requirements</i> <p><i>etc</i></p>

Commercial criteria

Tenderers are asked to provide costs in accordance with the attached template.