



Crown
Commercial
Service

Bid Pack

Attachment 3 – Statement of Requirements

Contract Reference: CCZZ20A45 Provision of Amenity Benefit
Research

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1. PURPOSE

- 1.1 The purpose of this requirement is to inform the methodology of the National Infrastructure Commission's Rail Needs Assessment. This work will contribute to analysis of the agglomeration benefits that various rail schemes could bring by enabling the Authority to calculate the amenity benefits of living in cities.
- 1.2 This requirement will fill an evidence gap as existing literature is out of date and not specific to the region.

2. BACKGROUND TO THE CONTRACTING AUTHORITY

- 2.1 The National Infrastructure Commission ('the Authority') was established in 2015 to provide the government with impartial, expert advice on major long-term infrastructure challenges. Its objectives are to support sustainable economic growth across all regions of the UK, improve competitiveness and improve quality of life.
- 2.2 The Authority's core responsibilities include:
 - producing a National Infrastructure Assessment once every five years, setting out the Authority's assessment of long-term infrastructure needs with recommendations to government on how to meet them.
 - carrying out in-depth studies into the UK's most pressing infrastructure challenges, making recommendations to government.
 - monitoring the government's progress in delivering infrastructure projects and programmes recommended by the Authority.
- 2.3 In July 2018, the Authority published its first ever National Infrastructure Assessment, setting out a plan of action for the country's infrastructure over the next 10 to 30 years, making recommendations on transport, energy, water and waste water, flood resilience, digital connectivity and solid waste in addition to other cross-cutting issues (e.g. funding and financing).

3. BACKGROUND TO REQUIREMENT/OVERVIEW OF REQUIREMENT

- 3.1 On 21 February 2020, the government announced its intention to draw up an integrated Rail Plan for the Midlands and the north, to identify the most effective scope and sequencing of relevant investments and how to integrate HS2, Northern Powerhouse Rail and other rail investments.
- 3.2 To support the development of this Integrated Rail Plan, the government asked the Authority to undertake an assessment of the rail needs of the Midlands and the north.

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- 3.3 To support its analysis, the Authority would like to understand the benefits that increased rail capacity into city centres in the region can bring.

4. DEFINITIONS

| Expression or Acronym | Definition |
|-----------------------|------------------------------------|
| The Authority | National Infrastructure Commission |

5. SCOPE OF REQUIREMENT

- 5.1 To inform its Rail Needs Assessment, the Authority would like to understand the benefits of increased rail capacity into city centres in the north and Midlands.
- 5.2 Increasing rail capacity can increase the effective density of a city. Effective density is a measure of population or employment in a given area. Cities have greater effective densities than more rural areas.
- 5.3 In addition to the productivity benefits of cities, there are also quality of life benefits to individuals living in cities such as specialist leisure facilities. These are called amenity benefits and are the focus of this requirement.
- 5.4 The amenity benefit of living in a city can be captured using the rent premium, controlling for other factors that affect rent prices.
- 5.5 The Authority would like the supplier to calculate the elasticity of the amenity benefit with respect to the effective density of the city, for a range of cities. It is expected that this will include a selection of cities across the north and Midlands, as well as some comparators such as Bristol, Cardiff and Glasgow.
- 5.6 For more background information please see 'Capturing the Value of Urban Transport Investments' (National Infrastructure Commission) and The Case for Agglomeration Economies (Manchester Independent Economic Review).
- 5.7 Existing analysis in this area is out of date and not specific to the north and Midlands, and so it is not suitable to inform the Authority's analysis of the rail needs of the north and Midlands.

6. THE REQUIREMENT

- 6.1 The Supplier will be responsible for the development of a project plan and timetable, to meet the needs of the Authority (indicative timescales are set out in Section 7 below).
- 6.2 At the start of the project, the Authority will hold an inception/scoping meeting with the Supplier. The Supplier will provide a short inception report which is to be agreed with the Authority. The report will clarify the approach to be taken, along with a plan setting out the key milestones and dates for deliverables, and risks along with how they will be managed.

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- 6.3 The supplier will provide a detailed methodology report. The methodology is to be agreed with the Authority. The cities in scope will also be agreed at this point.
- 6.4 The supplier will calculate the elasticity of the amenity benefit (rent premium) with respect to effective density for a range of agreed cities. The Supplier will use the Glaeser approach to do so.
- 6.5 The supplier will present their results in a final report. This report should include the methodology, findings and conclusions, and be clear and concise.
- 6.6 It is expected that the Supplier will present the proposed methodology and final report to experts and be externally peer reviewed. The Authority will work with the Supplier to arrange this.
- 6.7 The Supplier must communicate regularly, and it is expected that the Supplier will work closely with the Authority throughout.
- 6.8 A high quality output is extremely important to the Authority. The Supplier must build in a quality assurance process suitable for this work. The final outputs must be of a publishable standard and may be published in the Supplier's name, allowing for transparency and reputational risk of the Supplier if the analysis is not of high quality. All facts, figures and analysis are subject to internal peer review. They must all be correctly sourced, appraised and referenced.

7. KEY MILESTONES AND DELIVERABLES

7.1 The following Contract milestones/deliverables shall apply:

| Milestone/Deliverable | Description | Timeframe or Delivery Date |
|-----------------------|---|----------------------------------|
| 1 | Project inception meeting with Authority. A short inception report will be provided, and agreed by Authority, clarifying the approach to be taken, along with a plan setting out key milestones and dates for deliverables, risks and how these will be managed, etc. | Within 2 weeks of contract award |
| 2 | The Supplier writes the methodology report. | Within 4 weeks of contract award |
| 3 | Review of methodology and final methodology agreed. | Within 5 weeks of contract award |

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| 4 | Elasticities are calculated. A draft report of these results and conclusions is shared with the Authority. | Within 7 weeks of contract award |
| 5 | Final report | Within 8 weeks of contract award |

7.2 The above timetable assumes the Contract will be awarded not later than 31st July 2020. As such it is subject to change and is dependent upon key gateway points being met in terms of receiving information from the Authority and obtaining all required approvals.

8. MANAGEMENT INFORMATION/REPORTING

8.1 The Authority will share relevant information and expertise, as needed and deemed.

8.2 Reporting is set out in Section 7 (Key Milestones). Additionally, the successful supplier will be expected to update the Authority on project progress on at least a weekly basis via a meeting or phone call, including to flag any issues or early findings.

9. CONTINUOUS IMPROVEMENT

9.1 The Supplier will be expected to continually improve the way in which the required Services are to be delivered throughout the Contract duration.

9.2 Changes to the way in which the Services are to be delivered must be brought to the Authority's attention and agreed prior to any changes being implemented.

10. SUSTAINABILITY

10.1 There are no sustainability considerations applicable to this requirement, beyond those already expressed in the Terms and Conditions Document'.

11. QUALITY

11.1 The expectation is that the key outputs and related materials will be of publishable standard.

11.2 All facts, figures and analysis, must be correctly sourced, appraised and referenced and subject to internal peer review. The Authority will also organize external expert reviewers, which the supplier must engage with and respond to.

11.3 All assumptions that feed into a piece of analysis, as well any risks and limitations related to the results of the analysis should be recorded and shared

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with the Authority. The Authority's Project Manager will communicate regularly with the external provider to ensure they are consulted on all assumptions and important decisions.

- 11.4 Where a model is used by the Supplier, it should have clear documentation that sets out the model's scope and specification; all data sources used; the purpose, limitations and risks; and the quality assurance undertaken. This documentation should be made available for internal and external peer review and shared with the Authority.
- 11.5 The Authority will be looking to use the data and analysis to inform its report and recommendations to Government in Autumn 2020. Therefore, it is critical that the project runs to time, with all assumptions and caveats clearly highlighted.
- 11.6 The Authority will also seek views from expert external stakeholders, which may include members of the Authority's analytical and technical panels, on the work and findings of this research. Any advice or comments will be fed back to the Supplier via the Authority.
- 11.7 The Supplier must have a peer review process included as part of their proposal.
- 11.8 The final report may be published on the Authority's website in the Supplier's name, for the purposes of transparency and ensuring ownership of the work.

12. PRICE

- 12.1 Prices are to be submitted via the e-Sourcing Suite Attachment 4 – Price Schedule excluding VAT and including all other expenses relating to Contract delivery.
- 12.2 The maximum budget for the full requirement is £20,000 (exc. VAT), and bids received over this budget will be deemed non-compliant.
- 12.3 All costs should be included in and funded from the overall contract cost, including any cost required to acquire data.

13. STAFF AND CUSTOMER SERVICE

- 13.1 The Supplier shall provide a sufficient level of resource throughout the duration of the Contract in order to consistently deliver a quality service.
- 13.2 The Supplier's staff assigned to the Contract shall have the relevant qualifications and experience to deliver the Contract to the required standard.
- 13.3 The Supplier shall ensure that staff understand the Authority's vision and objectives and will provide excellent customer service to the Authority throughout the duration of the Contract.

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14. SERVICE LEVELS AND PERFORMANCE

14.1 The Authority will measure the quality of the Supplier's delivery by:

| KPI/SLA | Service Area | KPI/SLA description | Target |
|---------|----------------------|---|--------|
| 1 | Reporting | Provision of weekly progress updates to the Authority contract manager via meetings or telephone. | 100% |
| 2 | Contract Management | Dedicated point of contact response to an Authority communication within 48 working hours. | 100% |
| 3 | Amendments to drafts | Following comments from the Authority, the Supplier will make minor amendments to drafts within 1 week and major amendments within 2 weeks. | 100% |

15. SECURITY AND CONFIDENTIALITY REQUIREMENTS

- 15.1 Due care must be taken by the potential supplier to protect the confidentiality of all analysis and outputs (including in development, draft and interim phases) relating to this requirement, to avoid pre-empting the Authority's placement of the final report or any information about the work into the public domain.
- 15.2 The successful supplier will have to comply with the authority's General Data Protection Regulation (GDPR) requirements. The Supplier will acknowledge and protect all sensitive and confidential information its employees have access to during the contract period.
- 15.3 The Supplier will also ensure their IT security systems are sufficiently robust to prevent confidential and sensitive material being made available in the public domain.

16. PAYMENT AND INVOICING

- 16.1 Payment can only be made following satisfactory delivery of pre-agreed certified products and deliverables.
- 16.2 Before payment can be considered, each invoice must include a detailed elemental breakdown of work completed and the associated costs.

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- 16.3 Invoices should be submitted to: Invoicequeries@hmtreasury.gov.uk, Accounts Payable, NIC, Rosebery Court, St. Andrew's Business Park, Norwich, NR7 0HS.

17. CONTRACT MANAGEMENT

- 17.1 Currently, contract review meetings would be run virtually, but attendance at any future, in person meetings shall be at the Supplier's own expense.

18. LOCATION

- 18.1 The location of the Services will be carried out at the offices of the Supplier, or virtually for the duration of the Covid-19 lockdown.
- 18.2 However, meetings may need to take place with the National Infrastructure Authority at the Supplier's offices, or at the Authority's offices at Finlaison House, 15-17 Furnival Street, London, EC4A 1AB or at another venue in central London, or virtually, as agreed in advance with the Supplier.
- 18.3 Any Travel and Subsistence incurred in the operation of the Contract shall be at the Supplier's own expense.

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