



## **Responses to questions from parties interested in tendering for research into the metrics and models used to assess company and investment performance**

### **Background**

The Department for Business, Innovation and Skills launched an [Invitation to Tender](#) for a research contract focusing on models and metrics used by investors to value companies and investment portfolios. The Department has received a number of questions about the Invitation to Tender from individuals and organisations who are considering bidding for the contract. This document sets out the Department's responses to those questions.

### **Questions and BIS responses**

#### **1. What is the budget for this research?**

Tenderers are encouraged to provide a range of costed options for the work, with details of the methodology, degree of engagement, depth of analysis etc under each option. Tenderers may bid for either Part A, Part B or both.

#### **2. Is the Department of Business, Innovation and Skills (BIS) able to provide any data relevant to the analysis, or do you wish us to construct all aspects of the data?**

BIS does not hold all of the data likely to be relevant for the research. Tenderers are encouraged to outline how they will construct the evidence base for their analysis and what they see as the key data requirements. BIS and the expert steering panel will work with the successful bidder to support the research project and provide relevant contacts. This support may include providing assistance in gathering relevant data and / or existing research.

**3. In order to induce participation in any survey that we undertake (which will affect the cost and representativeness of the survey), can we use any levers that BIS may have over participants in the equity investment chain?**

Any survey work should clearly state that the research is being undertaken for the BIS, as noted at paragraph 2.31 of the Invitation to Tender. BIS officials and the expert steering panel will provide assistance to the successful bidder to encourage participation in any agreed survey work.

The Department believes that the routine use of financial and other incentives in surveys is, in general, not justified as they are rarely cost effective in either increasing participation or reducing non-response biases. Indeed financial incentives for survey participation may also result in bias of the research findings. If you are proposing the use of respondent incentives in your tender proposal you must set out clearly what you propose, why you feel they are necessary, why it is not possible to achieve the required sample sizes or response rates without the use of incentives, how and to what extent they will raise the overall response rate, how you will mitigate any specific biases that could be introduced, and provide a cost comparison with non-incentive methods.

**4. Does the industry support the research? Are the Prudential Regulation Authority and the Financial Conducts Authority supportive of this research, and will they also provide any assistance in ensuring full participation in any survey?**

An important objective for the research project is to generate debate and influence both policy makers and market participants. BIS therefore expects to, and expects the contractors to, liaise closely with the relevant regulatory authorities during the course of the project. BIS is also grateful for the support of a range of stakeholder organisations in business and the investment industry, and in academia in taking forward this research - in particular those who have agreed to the participation of members of the expert steering group for the project.

**5. Can we use the results of any surveys, questionnaires, and case studies, in our own research papers? Can you clarify what is meant in paragraph 2.19?**

Paragraph 2.19 simply asserts BIS's ownership of the intellectual property rights to the content of the Invitation to Tender and any additional material the department supplies to tenderers. It is a standard inclusion in such documents.

The final report from the research project and any supporting data developed in the course of the project will be clearly cited as the work of the researchers on behalf of BIS.

BIS standard terms and conditions of contract for the purchase of services include clauses (in Section 6) which cover the department's rights to intellectual property in any research materials produced. These are available at:

<https://www.gov.uk/government/organisations/department-for-business-innovation-skills/about/procurement>

Without prejudice to the final contract with the successful bidder, these in summary assign the intellectual property rights to the research to BIS. It is common practice to permit the researchers use of the data collected in the course of the research in their future work, however this, and any publication, would be subject to prior approval from BIS. BIS reserves the right to restrict use of this data and its distribution to third parties.

**6. Are you interested in quantitative results or is the emphasis on qualitative analysis?**

The core objective of the research is to provide a broad analysis of the uses and limitations of different metrics and models, to enable Government to develop good practice guidance for long-term investors and to inform wider policy debate.

BIS is keen not to prescribe the best methodology to achieve this objective. However, whilst we don't envisage new detailed econometric modeling, proposals might include a combination of theoretical research, qualitative survey work and stakeholder consultation, quantitative analysis, and review of relevant existing data and analysis. We encourage bidders to be innovative in their research project design, making use of a variety of research methods as they deem appropriate to best answer the questions posed.

**7. Can you provide more information on the scale of the study?**

We intend to undertake a survey of participants in the equity investment chain with either an on-line or hard-copy questionnaire.

Is it possible to provide some information of the scale of such a survey: how many stakeholders to survey? For example it would be possible to survey a limited number of associations such as NAPF (National Association of Pension Funds), IMA (Investment Management Association), ABI (Association of British Insurers); Association of Investment Companies (AIC, investment trusts). Alternatively we could survey individual employees in each of these organisations.

BIS would value the input of the above named associations as important stakeholders representing the investment industry. However, bidders may also wish to consider the benefit of surveys which capture the views and experience of investment professionals directly, rather than simply via industry representative bodies, where such research can be delivered at reasonable cost and overcome any sensitivities concerning commercial confidentiality.

Tenderers are encouraged to provide a range of costed options for the work; this might include costed options of various types and scales of survey work.

**8. Is the deadline mentioned in the document conditional on the scale of the project, could it be extended?**

Funding for the project as specified has been secured for the financial year 2013-14 only. Tenderers should therefore explain how their proposed research will contribute to the Government stated objectives within the timescale set out in the Invitation to Tender.

BIS will consider bids which focus on either Part A, Part B, or both Parts of the project, as well as proposals for extended research in this area that make clear what will be completed in the current financial year. However, any research extending beyond the deadline of April 2014 would be subject to further Government approval.

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