Andrew Miller MP
Science and Technology Committee
House of Commons
London
SW1P 3JA

9 May 2011

Dear Andrew

Thank you for your letter dated 3rd May outlining concerns about the process for commissioning an X-Ray Photoelectron Spectroscopy (XPS) service for EPSRC.

Traditionally, EPSRC funded its mid-range facilities (of which we have more than 15) in a variety of ways. In order to ensure a more consistent approach, we have reviewed the support of our entire mid-range facility portfolio. The initial step was to determine which facilities UK scientists needed to support their research. In July 2009, EPSRC used a cross-disciplinary panel to assess which mid-range facilities were most needed by the UK engineering and physical sciences research community. The panel was asked to prioritise facilities based on statements of need that were submitted by members of the community. The outcome of this exercise, which was widely published, has helped EPSRC to gain a good understanding of the UK need for such facilities and to inform our longer term strategy for supporting these facilities.

EPSRC is now following through a process to determine the best possible providers for the mid-range facilities that were prioritised. In many instances, a competitive tendering exercise adhering to OJEU rules is being used to determine this. Competitive tendering is a well established practise in the public and private sector to ensure best value. The scope, activities and the key performance indicators for each facility are determined by a project working group (PWG) who consider the cost of a facility and what is already available in the market as well as the needs of the community. Each PWG comprises a number of experts and a member of the original EPSRC panel which discussed the statements of need.

This procedure ensures a more consistent and transparent approach to how we provide support for mid-range facilities into the future. As these facilities are providing a service for the community clear reporting requirements are being established; each funded facility must deliver against agreed set targets to ensure the provision of a high quality and value for money service. This will be a condition of their continued support from EPSRC.

The specific concerns that you raised in your letter are addressed below.
Reasons for the decision of the University of Newcastle as preferred bidder

We received 4 bids for hosting the XPS service. Following the announcement of the preferred bidder, all bidding parties were sent feedback on their bids and we have attached in confidence the feedback that was received by NCESS at Daresbury for your information. The continuity of the service, track record, technical expertise of the scientific officers and the energy resolution of the scientific instrument were highlighted as positive aspects of the bid. However, the Newcastle bid had significant advantages over the NCESS bid in terms of the future plans and vision for the development of the XPS service, strong management and scientific leadership and a clear presence in the XPS and surface science communities. All of these aspects convinced the Project Working Group and EPSRC that the Newcastle bid offered the best value for money for EPSRC and its users.

One major concern of the NCESS bid was that they failed to articulate a clear plan for how they would develop the facility for the future as required by the tender specification. There were serious concerns that the current Scienta instrument would not function effectively for the full term of the contract and although a second instrument was proposed, the plan for acquiring and implementing this was not well articulated in the proposal. For example, no indications were given as to possible manufacturers, whether it was to be a new commission or an upgrade to existing equipment, or the likely location for the new instrument.

The bid that was submitted from Newcastle was of a very similar cost to EPSRC as the NCESS bid but the clarity of the vision for the future of the service and the plans for developing and maintaining the service throughout the duration of the contract made the bid from Newcastle far superior to the NCESS bid. This was reflected in the scores given by the Project Working Group.

Details of the XPS service at the University of Newcastle

We were hoping to have been able to release details of the specification of the Newcastle Facility on 1st April 2011 to coincide with the start of the service. However, due to complications arising around employment of staff at the NCESS service, which were beyond both EPSRC’s and Newcastle’s control, the start date of the service has been delayed by a month. It is testament to Newcastle’s professionalism that it has only been a month. We are now able to release full details of the service which you can find here: http://www.ncl.ac.uk/nanolab/research/themes/nexus

EPSRC is preparing an announcement about the commencement of the service which will be released this week.

Specification of the equipment in the new facility

The Project Working Group were experts in XPS techniques and they judged the Newcastle bid to fully meet all of the technical requirements specified in the call for tender, which was scoped based on the Statement of Need submitted by the XPS community in 2009. We can assure you that the level of throughput provided from the beginning of the Newcastle XPS service will match that provided by the previous facility
at NCESS. Additionally, following upgrade of instrumentation at Newcastle, which is anticipated to be completed by the end of 2011, throughput of the new service will far exceed that previously offered by NCESS. This will ensure that the service not only continues to serve the current base of frequent XPS users, but will enable the extension of XPS capability to a broader scientific user base in the future. Newcastle’s vision to expand the use of XPS techniques to a wide range of new users across a variety of scientific disciplines was another particular highlight of their bid and demonstrated their strong intent to develop the field of XPS into the future.

Staffing at Daresbury

The NCESS facility was funded on a 5-year EPSRC grant with a specific end date of 31\textsuperscript{st} March 2011. NCESS and STFC agreed to this date upon acceptance of the grant offer letter. As with all EPSRC grants, there is no guarantee of funding beyond the end date of the grant.

Following the review of mid-range facilities in July 2009, NCESS were fully aware that they would need to win a competitive process in order for the service to continue at Daresbury. Their bid was not successful and consequently the NCESS service at Daresbury ended on 31\textsuperscript{st} March 2011, the agreed end date of the grant. This is normal EPSRC practise for all grant holders and we would expect all organisations that we support to have adequate forward planning and measures in place to manage staff beyond the lifetime of a grant. The fact that STFC have needed to restructure can therefore not be attributed to EPSRC or the process which was followed to commission the XPS mid-range facility, which has been public since 2009.

Value for money

The review of mid-range facilities and subsequent tendering process was designed so that EPSRC would obtain the best value for money from our mid-range facilities. Following this process for XPS, EPSRC are convinced that we have commissioned the service that offered EPSRC, XPS users and the tax payers the best value for money.

User satisfaction

It is our understanding that many users have been satisfied with the service provided by NCESS in the past and have no reason to believe that the previous service was substandard. However, for the new XPS mid-range facility we are looking to commission an XPS service which will provide users with the very best XPS facility and service for the future and the NCESS bid was unconvincing in this respect.

Transparency of the process

The process for reviewing and renewing EPSRC’s mid-range facility portfolio has been published on our website for two years and, as the incumbent provider, NCESS were fully briefed about our intentions and the resulting process. EPSRC policy is not to release details of panel membership prior to any EPSRC panel and this applies to the Project Working Group. It is our intention is to publish the membership of the Project Working Groups.
The call for tenders document sets out EPSRC's expectations for the XPS service clause by clause. This ensures that all bidders are fully aware of what they are being assessed against. The top level criteria and the percentage of the whole that these are worth are provided along with the call for tenders document. The attached feedback document shows how NCESS performed in each section and their relative total score compared to the successful Newcastle bid. This is in accordance with OJEU protocol. The call for tenders document, which sets out EPSRC's expectations for the service and was sent to NCESS and all other interested parties, is attached for your information.

Following the announcement of the preferred bidder, OJEU protocol enforces a 10-day period in which formal objections can be raised. No objections to the decision reached were raised from any party during this period.

I hope that this answers your concerns. I reiterate that EPSRC are fully confident in our decision to award this service to Newcastle University. We believe that the service offers the best value for money and provision for XPS into the future.

Yours sincerely

[Signature]

David Delpy
Renewal of the grant supporting high-resolution x-ray photoelectron spectroscopy

You will be aware that the Committee in the last Parliament visited and took a keen interest in the facilities at Daresbury. I recently visited myself and staff raised with me concerns about the relocation of the NCESS (National Centre for Electron Spectroscopy and Surface Analysis) from Daresbury to Newcastle. I would be grateful if you could let me have a comprehensive note on the process by which the decision was taken and the reasons for the decision.

It may be of assistance in preparing the note if I set out the concerns that have been put to me. What I have been told is that in 2009, EPSRC announced that it would carry out a review of its mid-range facilities and to inform the process a "statement of need" based on the requirements of the academic research communities which use these facilities was prepared. A tender exercise followed, and interested parties were invited to bid to host the facilities. One of these was the high-resolution x-ray photoelectron spectroscopy (XPS) facility (NCESS), based at Daresbury Laboratory for nearly 20 years.

I understand that the tender document was prepared by a specially-convened panel of academics and industrialists and issued at the end of 2010. Daresbury Laboratory and at least one other organisation submitted bids to host the facility. In January 2011, it was announced that the successful bidder was the University of Newcastle. I have been told that the reason given for this decision was that the Newcastle bid had better scientific leadership based on-site, with greater long-term sustainability of the equipment.

Following the decision Newcastle took on the job of delivering the UK's high-resolution XPS capability from 1 April, with a grant, is has been suggested, of up to £3 million, including around £700,000 for equipment purchase, the details of which are not available.
The point was put to me that the equipment currently at Newcastle is not capable of supporting the high-resolution XPS community, and consequently the XPS service is being delivered to the UK user community by Intertek, which is capable of providing XPS to a lower resolution, and with lower throughput than the NCESS equipment at Daresbury. It was suggested that this arrangement will remain until new equipment has been bought by Newcastle, commissioned and certified as operable, after which time the UK user community will start to use the Newcastle service. If correct, can you provide a timescale?

Staff at Daresbury questioned why it was necessary to move the XPS capability when it had been run to the satisfaction of the user community at Daresbury for a significant length of time. They found it difficult to understand why the equipment supporting the interim arrangements performs less-well than the equipment at Daresbury which is now unused. I was told that the staff at Daresbury are now un-funded and additional costs are now going to be faced in paying for restructuring. They questioned how this could represent value-for-money for the taxpayer.

The point was made to me that the user community were satisfied with the service and equipment provided by Daresbury and therefore it would have been a better decision to put some capital into upgrading or expanding the facility at Daresbury and retaining the function there.

Two other issues were raised with me. First, there were concerns about a lack of transparency surrounding this decision. Staff at Daresbury were unaware of the membership and affiliations of the review panel which helped prepare the tender document and chose the winning bid and they had not been able to establish either their terms of reference or the assessment criteria applied to the bids received. Have these been published? If not, can they please be attached to the note?

Finally, concern was expressed about the nature and level of representations made by STFC to EPSRC both before and after the grant announcement and whether RCUK played a role in overseeing the process and mediating in the issues raised by both Councils.

I should add that the Committee may publish your note.

Yours sincerely,

Andrew Miller MP
Chair