

Report of TdFHUB2014 Ltd.

Report to Alan Gay, Deputy Chief Executive

Date: 10 March 2014

Subject: Tour de France Grand Depart 2014 Stages 1 & 2 - Organisation to Manage the Production of Centralised Procurement Activities - Evaluation of Tenders and Contract Award

Are specific electoral Wards affected?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
If relevant, name(s) of Ward(s):		
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
If relevant, Access to Information Procedure Rule number: 10.4 Category 3. Appendix A, B, C & D.		

1 SUMMARY OF MAIN ISSUES

Leeds City Council acting on behalf of the local authority delivery partners and with the support of TdFHUB2014 Ltd. identified a requirement for the appointment of specialist central expertise to manage the delivery of several elements of event production for the TdF Grand Départ 2014 Stages 1 & 2. Therefore procurement was undertaken using a Government Procurement Service's Good and Services Framework.

Two compliant tender submissions were received and subsequently evaluated. Innovision scored highest on price but lowest on quality – 826 total score, whilst WRG scored lowest on price and highest on quality – 885 total score.

The recommended tenderer's quality submission was very strong and provided the evaluation team with the confidence that the contractor can deliver the services required. The procurement has also confirmed the certainty of supply of the specialist services.

However, both tendered prices are significantly over the budget of £2,177,098. The recommended tender is £2,298,762.89 over. The measures recommended to alleviate the gap between the budget and the recommended tender are detailed in the recommendations. It is proposed that the final scope of the specialist services be determined by 12 May 2014.

2 RECOMMENDATIONS

2.1 It is recommended that:

- a) The contract is awarded to WRG at the revised tender price of £4,475,860.89.

- b) TdFHUB2014 Ltd. undertake a value engineering exercise in partnership with the successful contractor and local authority partners.
- c) TdFHUB2014 Ltd. undertake a detailed analysis of their budget to determine whether there are any budget lines that will be underspent or whether there are items of spend that can be utilised for the central procurement rather than their original allocation
- d) Leeds City Council and TdFHUB2014 Ltd. work with the local authorities to undertake a detailed analysis of their budget to determine whether there are any budget lines that will be underspent or whether there are items of spend that can be utilised for the central procurement via retained savings, rather than their original allocation.
- e) Local authority funding is based on the resources that they use, including whether the contingency budget could be utilised
- f) Once c) and d) above are complete additional monies are requested from UK Sport / DCMS to fill any resulting gap in funding.
- g) TdFHUB2014 Ltd. report to the finance and procurement board meetings on progress with regards value engineering and additional funding with a final report to them in May 2014.

3 PURPOSE OF THIS REPORT

- 3.1 The report provides a summary of the tender and evaluation process for the Tour de France Grand Depart 2014 Stages 1 & 2 - Organisation to Manage the Production of Centralised Procurement Activities procurement and requests approval to award the contract to the successful contractor.

4 BACKGROUND INFORMATION

- 4.1 Leeds City Council acting on behalf of the local authority delivery partners and with the support of TdFHUB2014 Ltd. identified a requirement for the appointment of specialist central expertise to manage the delivery of several elements of event production for the TdF Grand Départ 2014 Stages 1 & 2.
- 4.2 The local authority delivery partners are Barnsley Metropolitan Borough Council, Bradford Metropolitan District Council, Calderdale Metropolitan Borough Council, Derbyshire County Council, Harrogate Borough Council, Kirklees Council, North Yorkshire County Council (and its District Councils of: Craven, Hambleton and Richmondshire), Rochdale Borough Council, Sheffield City Council and the City of York Council. Leeds City Council is the lead authority for these Authorities and has the delegated authority to enter into contracts on their behalf.
- 4.3 The role of TdFHUB2014 Ltd. is to work with the contractor on behalf of Leeds City Council and the local authority delivery partners to direct, coordinate and assure this contract and to provide financial and technical support to the local authority delivery partners.
- 4.4 The procurement required a central supplier to manage the production of the following specialist services to the event:
 - a) Traffic Management (Route Road Closures and Traffic Management (Wider Event Impact));
 - b) Barriers, Fencing and Trackways;
 - c) Stewarding and Marshalling;

- d) Medical Support and First Aid;
- e) Temporary Toilet Facilities;
- f) Radio Communications;
- g) Signage and Wayfinding.

5 MAIN ISSUES

Tender Process

- 5.1 Leeds City Council will procure this contract under the Government Procurement Service's Good and Services Framework Agreement for the Provision of Events, Exhibitions and Technical Services incorporating Data Handling and Protective Marking, reference RM1709/3, Lot 3.1 – Management and Delivery of Large Scale Public Events.
- 5.2 The tender was issued to the three contractors listed on the GPS Framework; Innovision Events Limited, Unspun and WRG Creative Communication Limited.
- 5.3 Two compliant tender submissions were received from Innovision and WRG.
- 5.4 The tenders were opened and checked by the Corporate Procurement Unit on 12 February 2014. The two tenders received were confirmed as valid tenders.
- 5.5 The evaluation criteria set out for the contract was as follows:
 - a) Price – 400 marks;
 - b) Quality – 600 marks.

Quality Evaluation

- 5.6 The quality was assessed in accordance with the following criteria:
 - a) Relevant Experience and Staff Expertise (40 marks);
 - b) Resources (40 marks);
 - c) Overall Statement of Approach (40 marks);
 - d) Project Plan (20 marks);
 - e) Stakeholder Liaison (20 marks);
 - f) Approach to Subcontracting (40 marks);
 - g) Contract management of each of the specialist services (280 marks);
 - h) Approach to Delivering Value for Money (40 marks);
 - i) Risks (40 marks);
 - j) Sustainability – Environmental and Economic and Social (40 marks).
- 5.7 The quality evaluation was undertaken by a panel comprising:
 - a) James Tibbetts, Operations Director, TdFHUB2014 Ltd. (Chair of the evaluation panel).
 - b) Bob Brayshaw, Safety and Security Director, TdFHUB2014 Ltd.
 - c) Dave Pearson, Highways and Transportation Director, TdFHUB2014 Ltd.
 - d) Alex Nancolas, C3 Manager, TdFHUB2014 Ltd.
 - e) Ian Cairns, Leeds City Council, Events Team.

f) Simon Booker, Leeds City Council, Highways and Transportation.

- 5.8 The sections of the tender submissions that were relevant to traffic management were sent to North Yorkshire County Council as consultees, but they were not part of the evaluation panel and had no input to the scoring.
- 5.9 An evaluation meeting took place on 19 February 2014 and an initial consensus score reached for each quality criteria and submission. In order to obtain a better understanding of the contractor's proposals and to moderate the initial quality scores, the Evaluation Team decided to interview the two tenderers. The interviews took place on 20 February 2014.
- 5.10 The result of the interviews was that:
- a) The initial quality scores were moderated by the quality evaluation panel on 25 February 2014;
 - b) It became evident that each tenderer had made different assumptions when completing the pricing schedule, particularly with regards the management fee, traffic management and radio communications. This meant that the prices for these elements were not comparable, therefore making evaluation of the pricing difficult.
- 5.11 Due to 5.10 b), it was decided to provide a more detailed scope and pricing schedule for the management fee, traffic management and radio communications, so that all tenderers could price on the same basis. Only the quality and price submissions on these elements could be amended, the remainder of the method statements and pricing schedule remained as originally submitted.
- 5.12 The more detailed scope and pricing schedule was issued on 24 February 2014 and tenderers submitted their revised submissions on Monday 03 March 2014.
- 5.13 The quality evaluation panel reviewed the quality scores for the quality criteria that were relevant to the revised submissions on 04 March 2014.
- 5.14 The moderated initial quality evaluation scores were as follows:
- a) Innovision - 421 (70%);
 - b) WRG - 492 (82%).
- 5.15 The final quality evaluation scores, subsequent to the revised submissions were as follows:
- a) Innovision – 426 (71%);
 - b) WRG – 492 (82%).

The Tender Evaluation Summary is attached at Appendix A.

Price Evaluation

- 5.16 The price evaluation was undertaken separately to the quality evaluation. The quality evaluation panel were only made aware of the price evaluation once the quality evaluation scores had been finalised and the interviews completed.
- 5.17 A maximum of 400 points were available for price. The lowest price scored 400 points. Other tenderers price score is calculated as 400 minus the percentage of 400 over the lowest cost, e.g. if 10% more expensive than the lowest price, 10% (40) of the points is deducted, giving a score of 360 points.
- 5.18 The original submitted prices and evaluation scores were as follows:
- a) Innovision - £4,104,987.01, 400 points;

b) WRG - £5,432,423.04, 270.65 points.

5.19 The revised submitted prices and evaluation scores were as follows:

a) Innovision - £4,402,925.30, 400 points;

b) WRG - £4,475,860.89, 393 points.

The Tender Evaluation Summary is attached at Appendix A.

Evaluation Conclusions - Original Submission

5.20 Innovision scored highest on price but lowest on quality – 821 total score, whilst WRG scored lowest on price and highest on quality – 763 total score.

5.21 Both tendered prices are significantly over the budget of £2,177,098 (Lowest tender is £1,927,889.01 over).

5.22 Although Innovision scored the highest overall on the original submission, the evaluation team had the following concerns with regards quality:

- a) Through the written submission and the subsequent interview Innovision were not able to fully convince the evaluation team that the project was deliverable within the prices submitted, due to the assumptions they have made and the estimating processes that they have undertaken. Therefore, there is a risk that Innovision will request for variations to the contract and therefore increase the overall price.
- b) Innovision's strategy, which is for expediency (simple and speedy), is to use single suppliers for the majority of the specialist services required. Whilst this has advantages it is also a risky strategy and Innovision did not provide sufficiently detailed contingency plans for supplier failure. However, Innovision did evidence that they have a large supplier network and had researched the market well for suppliers that had the capacity and capability at the right cost and contingency plans can be developed with the TdFHUB2014 Ltd. team.
- c) Innovision's submission lacked the depth of WRG.
- d) Innovision scored below the quality threshold set for quality criteria 2.2 – Approach to providing additional resource due to an increased security status, and 7.7 – Methodology and approach to managing the signage and wayfinding service. The tender documents state "9.4.4 Any Tenderer whose total score for quality is less than 240 (after applying the criterion weighting) or who is awarded a score of less than 6 (before applying the criterion weighting) for each quality criteria 7.1 Traffic Management and 7.3 Stewarding and Marshalling or less than 4 (before applying the criterion weighting) against any of the other quality criteria may have its quality submission rejected and may be disqualified at the option of the council. The final decision in such matters shall be that of the council." The evaluation team decided that quality criteria 2.2 and 2.7 were not key to the delivery of the contract and therefore decided not to reject Innovision's tender, particularly as they scored well over the overall quality threshold (scored 421 240 threshold). Furthermore, it was obvious that Innovision were capable of scoring higher on these criteria, but had not made the effort on these submissions.

5.23 The evaluation team had no concerns with regards WRG's original quality submission, but the overall price was significantly over the budget and also significantly over the lowest tendered price. Furthermore, the prices for their management fee, traffic management and radio communications were approximately double that of Innovision's. The high

management fee reflected the higher specialist services costs as it includes a percentage on cost.

Evaluation Conclusions - Revised Submission

- 5.24 The revised quality submission from WRG did not change the original quality scores. The evaluation team had no concerns with regards WRG's revised quality submission. Although WRG's price submission was reduced significantly, this did not affect their quality submission. The revised scope issued gave clarity and therefore allowed them to consider and verify the assumptions they had made in their original bids and amend accordingly.
- 5.25 The revised quality submission from Innovision resulted in a slight increase in the quality score, due to the additional information provided on radio communications. Innovision's quality submission still lacked depth, but further information was provided for traffic management and radio communications that provided more confidence and clarity, which is reflected in the increased quality score.
- 5.26 The revised quality submission from Innovision did not change the scores for quality criteria 2.2 – Approach to providing additional resource due to an increased security status, and 7.7 – Methodology and approach to managing the signage and wayfinding service and therefore these were still below the quality threshold set. The evaluation team still decided not to reject Innovision's tender for the same reasons as 5.22d) above.
- 5.27 The revised scope issued also gave Innovision clarity and allowed them to consider and verify the assumptions they had made in their original bids. This is reflected in the increase to their price submission.
- 5.28 The issue of the more detailed scope and pricing schedule for the management fee, traffic management and radio communications was successful in ensuring that the tenderers priced on the same basis, making the resubmitted prices comparable and evaluation fair.
- 5.29 Therefore, Innovision scored highest on price but lowest on quality – 826 total score, whilst WRG scored lowest on price and highest on quality – 885 total score.
- 5.30 Both tendered prices are still significantly over the budget of £2,177,098. The recommended tender is £2,298,762.89 over.

Options

- 5.31 Award the contract to WRG, as subsequent to the revised submissions WRG scored the highest overall.
- 5.32 However, the successful tender is £4,475,860.89, 393, which is £2,298,762.89 above the £2,177,098 budget. There are a number of options available to reduce this gap:
- a) Value engineer. That is, work with the successful contractor and local authority partners to reduce the requirements, including wherever possible to recycle resources between the 2 stages and using volunteers instead of stewards where possible, whilst ensuring that the event remains safe and secure. It is believed that this is achievable as the tender documents included contingencies and the revised submissions are now based on a high level of resources. However, a 20% reduction is probably the best case scenario.

The process for this is as follows:

- Draft event safety and security plans were due to be submitted by each LA on 28 February 2014 to TdFHUB2014 Ltd. The majority have been received, with only a

few exceptions, which will follow shortly. These plans will now be assessed by the TdFHUB2014 team with the LAs and will give a clearer picture of the number of stewards, barriers, toilets and radios required for the event.

- The 2nd drafts of the Traffic Plans are due to be submitted by each LA on 07 March 2014. The majority have already been received, with the rest expected to follow shortly. These plans will now be assessed by the TdFHUB2014 team with the LAs and will give a clearer picture of the traffic management equipment required, but also further clarity on the number of stewards, barriers and radios required for the event.
 - The decision on the location of the spectator hubs has now been made. Therefore numbers of stewards, barriers, toilets and radios required for the event can be determined.
 - A colleague from the Yorkshire Ambulance Service has recently been seconded to TdFHUB2014 Ltd. to work with the TdFHUB2014 team and LAS to clarify the medical and first aid requirements for the event.
 - The successful contractor and the key subcontractors will embed staff into the TdFHUB2014 team from the date of contract award (mid to late March 2014) to help determine the final scope of the specialist services.
 - All reductions on the above specialist services have an effect on the management fee, which will also reduce.
 - Therefore a much clearer picture on the final price of the contract will be achieved at the beginning of May 2014 as the traffic management and crowd management plans will be finalised on 26 April 2014 and event safety plan on 09 May 2014. The survey of the route with regards radio communications will also be complete.
- b) Re-tender. However, this would cause a significant delay that would put the event at significant risk. Furthermore, it is very unlikely that additional contractors would be interested in tendering.
- c) Tender the specialist services individually, therefore omitting the need for a public events company to manage the specialist services, therefore reducing the management fee. Greater competition may also possibly be created. However, this would require greater TdFHUB2014 Ltd. resource which may negate the reduction in management fee and the tendering process would cause a significant delay that would put the event at significant risk (an OJEU procurement would be required).
- d) As above, but negotiate with the specialist services, rather than tendering. However, this would require a waiver of contract procedure rules and would be open to challenge from the public events companies and other specialist service providers.
- e) Increase the budget. The budget is £2,177,098, of which £1,093,000 is funded from UK Sport and £1,084,098 from local authorities. A number of options are available
Increase the budget:
- At present the budget does not include any contribution from Barnsley, Derbyshire or Rochdale. This needs to be calculated on the actual requirements of these authorities, but is estimated at £120,000.
 - A further contribution from the UK Sport funding held by TdFHUB2014 Ltd. That is, a detailed analysis of the budget is required to determine whether there are any

budget lines that will be underspent or whether there are items of spend that can be utilised for the central procurement rather than their original allocation; including Funding allocated to Welcome to Yorkshire.

- Further contributions from local authorities. That is, a detailed analysis of the budget is required by local authorities and TdFHUB2104 Ltd. to determine whether there are any budget lines that will be underspent or whether there are items of spend that can be utilised for the central procurement rather than their original allocation. It is also recommended that local authorities pay for the resources that they use rather than an arbitrary split as is currently the case.
- Additional monies from UK Sport / DCMS, including whether the contingency budget could be utilised.

5.33 The following appendices are attached for information:

- a) Appendix B details the split of monies based on the current budget.
- b) Appendix C details the split of monies based on the recommended tender and based on the logic of how monies in the original estimates were distributed.
- c) Appendix D details the resources itemised in the revised submissions and compares this against the resources that would be affordable for the original budget (plus the Barnsley, Derbyshire and Rochdale contribution).

6 CORPORATE CONSIDERATIONS

6.1 Consultation and Engagement

6.1.1 Consultation and engagement has taken place with Alan Gay, Deputy Chief Executive, Nicky Roche, CEO, TdFHUB2014 Ltd., the TdF SRO Group and the TdF Finance and Procurement Board.

6.1.2 The TdF Local Authority Delivery Group has been made aware of the tender process and evaluation and approximate costs, but not the outcome of the evaluation.

6.2 Equality and Diversity / Cohesion and Integration

6.2.1 Tenderers were required to submit a method statement "Please outline your approach of how you intend to plan, deliver and manage the requirements detailed in the tender documents to ensure success, including your and your supply chain's approach to equality, health & safety and safeguarding". The recommended tenderer scored very good for this quality evaluation criteria.

6.3 Council policies and City Priorities

6.3.1 Attracting the Tour de France to Leeds underlines the city as a venue for global events which is a key element of our 'Best City' ambition. It will support the health and family agenda, Leeds as a tourist destination, business engagement and greater understanding of Leeds as a cultural hub.

6.4 Resources and value for money

6.4.1 On 17 July 2013 Executive Board resolved "that approval be given to the principle of Leeds City Council acting as the accountable body for the new company and underwriting the £11,000,000 of Local Authority contributions (of which £3,600,000 is from Leeds City Council), thus unlocking the £10,000,000 of Government funding and Government underwriting the event, subject to final confirmation from government and parliament.

6.4.2 As detailed elsewhere in this report, the recommended tender is significantly over the budget. However, the procurement was a competitive exercise undertaken through the Government Procurement Service's Good and Services Framework Agreement and therefore has shown value for money, particularly with regards the revised submissions.

The price evaluation has also shown that the tendered rates are competitive. The reasons that the tenders exceeded the budget are due to two factors:

- The original estimate, undertaken prior to the formation of TdFHUB2014 Ltd., did not fully understand the scope of the event and therefore the quantity of resources has significantly increased;
- The original estimate did not take account of the requirement to transport resources around Yorkshire, Derbyshire and Rochdale and due to the distances involved and the rural locations involved, the rates for resources have increased from the estimate.

This report also outlines the process for value engineering to ensure value for money.

6.5 As detailed elsewhere in this report, the recommended tender is significantly over the budget. However, this report outlines the process for increasing the funding.

6.6 Legal Implications, Access to Information and Call In

6.6.1 The report is not subject to call in.

6.6.2 This report is considered exempt from publication under the Access to Information Procedure Rules under Rule 10.4 Category 3. "Information relating to the financial or business affairs of any particular person (including the authority holding that information)".

6.7 Risk Management

6.7.1 The main risk of awarding this contract is that the scope cannot be reduced sufficiently or sufficient funding cannot be accessed. This report outlines the mitigations to be put in place to manage this risk. TdFHUB2014 Ltd. have also allocated a member of the team as contract manager.

7 CONCLUSIONS

7.1 The procurement has confirmed the certainty of supply of the specialist services.

7.2 The recommended tenderer's quality submission was very strong and provided the evaluation team with the confidence that the contractor can deliver the services required.

7.3 The issue of the more detailed scope and pricing schedule for the management fee, traffic management and radio communications was successful in ensuring that the tenderers priced on the same basis, making the resubmitted prices comparable and evaluation fair.

7.4 The procurement has provided value for money.

7.5 The recommended tender is significantly over the budget, but measures have been detailed that will reduce the costs and increase the funding.

7.6 The proposed timescales are as follows:

- a) Tender evaluation report issued – 07 March 2014;
- b) Decision to award contract – 10 March;
- c) Relevant notices issued and 10 day standstill commences – 11 March 2014;

- d) Work undertaken to procure additional funding – 11 March to 24 March 2014;
- e) Standstill ends and contract awarded – 21 March 2014;
- f) Contract commences and successful contractor embeds staff into TdFHUB2014 team – 24 March 2014;
- g) Work undertaken to finalise the scope of the specialist services 24 March to 12 May;
- h) Traffic management and crowd management plans finalised - 26 April 2014;
- i) Event safety plan finalised - 09 May 2014;
- j) Final scope of the specialist services determined – 12 May

8 RECOMMENDATIONS

8.1 It is recommended that:

- a) The contract is awarded to WRG at the revised tender price of £4,475,860.89.
- b) TdFHUB2014 Ltd. undertake a value engineering exercise in partnership with the successful contractor and local authority partners.
- c) TdFHUB2014 Ltd. undertake a detailed analysis of their budget to determine whether there are any budget lines that will be underspent or whether there are items of spend that can be utilised for the central procurement rather than their original allocation
- d) Leeds City Council and TdFHUB2014 Ltd. work with the local authorities to undertake a detailed analysis of their budget to determine whether there are any budget lines that will be underspent or whether there are items of spend that can be utilised for the central procurement via retained savings, rather than their original allocation.
- e) Local authority funding is based on the resources that they use, including whether the contingency budget could be utilised
- f) Once c) and d) above are complete additional monies are requested from UK Sport / DCMS to fill any resulting gap in funding.
- g) TdfHUB2014 Ltd. report to the finance and procurement board meetings on progress with regards value engineering and additional funding with a final report to them in May 2014.

9 BACKGROUND DOCUMENTS

9.1 None.

Appendix A - Tender Evaluation Summary (CONFIDENTIAL).

Refer to separate document "AppendixA-FinalEvaluationMatrix.xls".

Appendix B - Split of monies based on the current budget (CONFIDENTIAL).

Refer to separate document "Appendix_B_C_D-Budgets.xlsx".

Appendix C - Split of monies based on the recommended tender (CONFIDENTIAL).

Refer to separate document "Appendix_B_C_D-Budgets.xlsx".

Appendix D – Comparison of resources (tender v what would be affordable for the original budget) (CONFIDENTIAL).

Refer to separate document "Appendix_B_C_D-Budgets.xlsx".