

Report of: Tom Bridges

Report to: Alan Gay

Date: 28 April 2014

Subject: Award of Contract: Economic and Social Impact Procurement

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|--|------------------------------|--|
| Are specific electoral Wards affected? If relevant, name(s) of Ward(s): | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |
| 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? If relevant, Access to Information Procedure Rule number: Appendix number: | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |

1. Summary of main issues

- 1.1. Leeds City Council carried out a procurement to secure a contractor to deliver an economic and social impact assessment for the Tour de France Stages 1-3. The Council, acting for the benefit of the funders (UK Sport, Transport for London, TdFHUB and Leeds City Council) and with the support of TdFHUB2014 Ltd., undertook the procurement for this piece of work.
- 1.2. Five tender submissions were received and subsequently evaluated. Two of the submissions were not compliant on the quality criteria set out and were eliminated from the process.
- 1.3. Interviews were undertaken with SPA Future Thinking, Leeds Metropolitan University and Sheffield Hallam University.
- 1.4. Subsequent to the interviews the initial evaluations were moderated and scores finalised. Leeds Metropolitan University scored highest on price but the lowest of the three remaining bidders on quality. SPA Future Thinking and Sheffield Hallam University were within eleven points of each other on quality, with SPA ranked first for quality of their submission. The ranking on quality and price for the three bidders was as follows:

| Organisation | Quality Rank (score) | Price Rank (score) | Total Rank (score) |
|--------------|-------------------------|-----------------------|-----------------------|
| | | | |

| | | | |
|-------------------------------|---------|------------|------------|
| Leeds Metropolitan University | 3 (351) | 1 (400) | 3 (751) |
| SPA Future Thinking | 1 (437) | 2 (356.70) | 1 (793.70) |
| Sheffield Hallam University | 2 (428) | 3 (337.66) | 2 (765.66) |

1.5. The recommended supplier for the economic and social impact work is: SPA Future Thinking. It is the panel's clear view that SPA Future Thinking had the strongest bid and a competitive price for this piece of work. The recommended tenderer's quality submission was very strong and along with the interview, this provided the evaluation team with the confidence that the contractor can deliver the services required.

1.6. An outstanding issue is that of budget, as all but one of the bids was higher than the overall budget for this procurement. The preferred bidder's pricing for the contract is £137,590.14. This is £12,590.14 over the agreed budget for this piece of work. Transport for London (TfL) have confirmed that they can cover this shortfall and the Project Team has received formal confirmation of this position.

1.7. Recommendations

1.8. It is recommended that the Deputy Chief Executive approve the award of contract to SPA Future Thinking for the Economic and Social Impact Assessment work for the sum of £137,590.14

1. Purpose of this report

1.1. The report provides a summary of the tender and evaluation process for the Economic and Social Impact Assessment procurement and requests approval to award the contract to the successful contractor.

2. Background information

2.1. Welcome to Yorkshire, in partnership with local councils, successfully bid to host the first three stages of the Tour de France 2014, which includes a Yorkshire Grand Départ, the first two days of racing and a further exit stage from Cambridge to London. It will showcase the UK as a top tourist attraction and event destination as well as ensuring everyone involved has a great experience by providing a high quality, high profile wraparound cultural offer and visitor experience.

2.2. The Economic and Social Impact Assessment is an important part of the Tour de France 2014 overall work programme. The findings from this work will support local authorities and other delivery partners in understanding the value of their investment on the wider economy and those who attended the event. The accountable officer for this work is Tom Bridges (Chief Economic Development Office, Leeds City Council).

2.3. In order to progress this work specialist economists based in Leeds City Council drafted a tender document, with support from other key partners. A Steering Group led by officers from Leeds City Council managed the procurement process and will continue to manage the overall programme of work. The Steering Group consists of representatives from: Leeds City Council, Transport for London, UK Sport, TdFHUB, London and Partners, City of York Council and British Cycling. The evaluation panel was made up of representatives from the Steering Group.

2.4. An initial scoping report was presented at the Senior Responsible Owners Group and the TdFHUB2014 Board, in order to receive views on the proposed approach. The tender document was then developed further and finally agreed by the Steering Group on 7 March 2014. The tender document sets out in detail the requirements of the work, which has two main features: an Attendee Survey and a Business Survey.

2.5. The procurement was carried out by Leeds City Council for the benefit of the funders and with the support of TdFHUB2014, with the work being managed day-to-day by the Project Team. All progress on this work stream will be reported to the SROs Group, Finance and Procurement Board, Local Authority Delivery Group and TdFHUB Board. It may be that specific governance arrangements are required in addition to those mentioned, to ensure the buy-in and engagement of all key stakeholders. This will be proposed and confirmed via current governance arrangements.

2.6. The scope of this procurement was:

- To identify a supplier who can successfully undertake the Economic and Social Impact work.
- To deliver a procurement solution that demonstrates value for money for partner organisations, in particular for those funding this work.

2.7. The budget for the procurement is £125,000.

3. Main issues

Tender process

- 3.1. The procurement of the Economic and Social Impact Assessment was subject to competitive procurement in order to achieve value for money, as per the Council's Contracts Procedure rules and the Public Contracts Regulations 2006 requirement.
- 3.2. The procurement team were asked to examine whether there were any suitable existing frameworks that could be utilised for this work. None could be identified that covered the full scope of the work so it was agreed by the Steering Group that the parties would gather a list of potential tenderers who had experience in this area of work. The procurement Route was approved by the Deputy Chief Executive on 17th March 2014.
- 3.3. The Steering Group and procurement team from Leeds City Council suggested that the tender documentation was released to 13 suppliers who have a proven track record in this area of work in accordance with the Councils Contract Procedure rules for procurements over £100k. These have been researched and agreed by the Steering Group.
- 3.4. The indicative timetable for this procurement and contract is as follows:

| Task | To be completed by |
|---|---------------------------|
| Final version of the Tender specification and Evaluation model | 07/03/2014 |
| Procurement Strategy Approved | 12/03/2014 |
| Issue tender documents | 14/03/2014 |
| Tender return | 02/04/2014 |
| Tender evaluation | 03/04/2014 – 11/04/2013 |
| Interview of bidders | w/c 14/04/2014 |
| Preferred bidder identified | 21/04/2014 |
| Financial check of preferred supplier | w/c 21/04/2014 |
| Contract awarded | w/c 28/04/2014 |
| Report to the Finance and Procurement Board, SROs Group and TdFHUB Board | w/c 05/05/2014 |
| Draft work plan, milestones, sampling approach and questionnaires to be submitted by the supplier | 19/05/2014 |

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| Sign-off of work plan, milestones, sampling approach and questionnaires by the Steering Group | w/c 19/05/2014 |
| Dissemination of approach and questionnaire details to other key stakeholders for wider use | w/c 26/05/2014 |
| Business Survey Wave 1 to be undertaken | w/c 09/06/2014 |
| Attendee Survey to be undertaken | 5-7/07/2014 |
| Business Survey Wave 2 to be undertaken | 5-7/07/2014 |
| Initial report to the steering group – to include the Attendee Survey headline outputs and wave 1 and 2 Business Survey outputs. | 08/08/14 |
| Draft report to be submitted to the Steering Group | w/c 08/09/2014 |
| Business Survey Wave 3 to be undertaken | w/c 08/09/2014 |
| Final report to be submitted to the Steering Group | w/c 10/11/2014 |

Tender evaluation

3.5. Five tenders were received of the thirteen organisations that were included in the process. Once all of the bids were verified by the procurement team, the documents were sent to the evaluation panel, which convened on 11 April to examine the quality of each bid. The evaluation was undertaken using the quality criteria matrix, which was included in the tender documentation available to bidders.

3.6. The evaluation was undertaken by a panel comprising:

- Simon Brereton, Leeds City Council (Chair)
- Patrick Bowes, Leeds City Council
- Chris Mather, Transport for London
- Jerry Bingham, UK Sport
- Sarah Lowi Jones, TdFHUB2014

3.7. The quality criteria were as follows:

- Relevant experience and staff expertise (60 points)
- Capacity and access to resource, compliance with Market Research Society Code of Conduct (40 points)
- Overall statement of approach (methodology for the Attendee and Business Surveys and wider social impact) (120 points)
- Project plan (30 points)

- Stakeholder liaison plan (30 points)
- Detailed methodology and approach to undertaking the Attendee Survey (120 points)
- Detailed methodology and approach to undertaking the Business Survey (120 points)
- Methodology and approach to measuring the local level and wider social impacts (40 points)
- Initial risk assessment and mitigation strategy (40 points)

3.8. At this point two of the bidders failed to comply with minimum standards of elements of the quality criteria and were eliminated from the process.

3.9. Having completed the scoring on quality the evaluation panel considered the price of each tender. The quality evaluation panel were only made aware of the price evaluation once the quality evaluation scores had been finalised, as noted, so that they were not influenced by cost.

3.10. It came to the attention of the panel in reviewing the pricing submission of Leeds Metropolitan University that arithmetical errors were made in the calculation of the total figures. Where clear figures and breakdowns have been provided which make it possible to calculate the correct totals, the Council is able to allow for rectification of the error for the purpose of tender evaluation. The council therefore calculated the correct figures for their submission and evaluated the tender submission using this amended figure, which action was notified to Leeds Metropolitan University.

3.11. The quality/price split used is the standard split of 60% quality and 40% price. A maximum of 400 points were therefore 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 are deducted, giving a score of 360 points.

3.12. For price, Leeds Metropolitan University came first with Sheffield Hallam third, as follows:

| Organisation | Price Rank (score) |
|-------------------------------|--------------------|
| Leeds Metropolitan University | 1 (400) |
| SPA Future Thinking | 2 (356.70) |
| Sheffield Hallam University | 3 (337.66) |

3.13. In order to obtain a better understanding of the contractors' proposals and to moderate the initial quality scores, the Evaluation Team used the option to interview the top three tenderers as indicated in the invitation to tender. Organisations were asked to summarise their bid in presentation and to respond to questions asking for clarification on a number of items.

3.14. The result of the interviews was that the initial quality scores were moderated by the quality evaluation panel on 11 April 2014. This did not change the overall outcome of the procurement and confirmed the majority of the scoring (with only some minor changes). The total Scores were as follows:

| Organisation | Quality Rank (score) | Price Rank (score) | Total Rank (score) |
|-------------------------------|----------------------|--------------------|--------------------|
| Leeds Metropolitan University | 3 (351) | 1 (400) | 3 (751) |
| SPA Future Thinking | 1 (437) | 2 (356.70) | 1 (793.70) |
| Sheffield Hallam University | 2 (428) | 3 (337.66) | 2 (765.66) |

Evaluation Conclusions

3.15. The panel came to a consensus view on each individual evaluation criterion and on the overall bids. It is the panel's clear view that SPA Future Thinking had the strongest bid and a competitive price for this piece of work. The recommended tenderer's quality submission was very strong and, along with the interview, this provided the evaluation team with the confidence that the contractor can deliver the services required.

3.16. It is recommended that the Deputy Chief Executive approve the award of the contract to SPA Future Thinking for the Economic and Social Impact Assessment work.

4. Corporate Considerations

4.1. Consultation and Engagement

4.1.1. Consultation has been carried out with the main funders and stakeholders via: the Steering Group, the Senior Responsible Owners Group and the TdFHUB Board.

Equality and Diversity / Cohesion and Integration

4.1.2. The tender process itself has no implications for equality and diversity considerations. It is a requirement of the work to be undertaken that the contractor captures demographic details about attendees of the event as part of the Attendee Survey.

Council policies and City Priorities

4.1.3. This piece of work is a key priority for the council and its delivery partners on the Tour de France 2014: the Economic and Social Impact Assessment will clearly evidence the value of their investment. This work therefore touches upon a number of council plans and priorities including: Vision for Leeds, Best Council Plan, Health and Wellbeing City Priority Plan and the Sustainable Economy and Culture City Priority Plan.

Resources and value for money

4.1.4. As noted, the funding for this piece of work comes from four sources: Leeds City Council, TdFHUB, UK Sport and Transport for London and the total guaranteed budget for this is £125k.

4.1.5. The total budget for this piece of work is therefore as follows:

| | |
|----------------------|--------------|
| TdFHUB | £50k |
| Transport for London | £25k |
| UK Sport | £25k |
| Leeds City Council | £25k |
| Total | £125k |

4.1.6. Transport for London and UK Sport will be invoiced for their proportion of the funds for this work, whereas a grant claims form will be submitted to TdFHUB for the company's £50k contribution. VAT will be invoiced to Leeds City Council, who will allocate the relevant proportion to Transport for London and UK Sport. All parties will be able to recover this. Grant funding from TdFHUB is not vatable. VAT will not, therefore, impact the budget for this work.

4.1.7. The preferred bidder's pricing for the contract is £137,590.14. This is £12,590.14 over the agreed budget for this piece of work.

4.1.8. Transport for London have confirmed that they will cover this shortfall and the Project Team have received formal confirmation of this position.

Legal Implications, Access to Information and Call In

4.1.9. This decision is a significant operational decision and is not subject to call-in.

4.1.10. This report is not considered to be exempt from publication under the Access to Information Procedure Rules.

4.1.11. Leeds will be receiving some grant funding for the contract which is subject to an overarching funding agreement and the Deputy Chief Executive should be aware of the risks should that funding no longer be available or any claw back be sought. These are considered largely mitigated by the contractual terms which provide appropriate termination rights in the event of withdrawal of funding or cancellation, and require the contractor to seek terms on the same basis with any permitted sub-contractors.

4.1.12. Leeds' Contract Procedure Rules have been complied with in procuring this contract, and template documentation used. The terms and conditions of the contract have been tailored to the requirements of the specification in order to cover the potential risks involved.

Risk Management

4.1.13. The following risks have been identified:

| Risk | Risk Management Measure |
|-------------|--------------------------------|
|-------------|--------------------------------|

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| That funding organisations remove their consent or their funding for this work. | All funding organisations are represented on the Steering Group, which has shaped the tender document and agreed the process. All funders have formally confirmed their commitment to the Steering Group and TdFHUB Board. |
| That the market cannot meet the demands of the project. | Of the three compliant tenderers the panel has confidence that there is capacity to deliver on this piece of work. |
| Advertisement of the Procurement | A competitive process was undertaken with 13 providers being sent the tender documentation. |
| Challenge to the procurement process | The evaluation panel followed the procedures set out by the procurement team and it is felt that this was robust, open, transparent and fair to all tenderers. |
| Scope creep | TdFHUB2014 Ltd. have allocated a contract manager to monitor the contract with regular reporting to the weekly finance meetings. |
| Claw back of funds | It is considered that the both the funding agreement in place between Leeds and TdFHUB2014 Ltd and the contract provisions drafted protect Leeds from this risk to the fullest extent possible. |

5. Conclusion and Recommendations

5.1. The procurement route undertaken has ensured a legally compliant tender process for the Economic and Social Impact Assessment work.

5.1.1. It is therefore recommended that:

- The Deputy Chief Executive approves the award of contract to SPA Future Thinking for the Economic and Social Impact Assessment required for the Tour de France 2014 Stages 1-3 for the sum of £137,590.14.

6. Background documents¹

6.1. None.

¹ The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.