

## **Liverpool City Region – Commercial Model & Accommodation BID**

Date issued: 23 July 2021

Project Tender Specification

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## 1. Introduction

As part of the drive to increase business visits and events (BVE) within the Liverpool City Region and ensure it is well placed to secure national and international conference business, the Liverpool City Region Growth Platform (the region's growth company – jointly owned by the LCR Local Enterprise Partnership and Combined Authority) and its partners have secured funding from the Liverpool City Region Strategic Investment Fund (SIF) to invest in the BVE sector. The project is being delivered in conjunction with the region's convention bureaux and main venues including the Arena and Convention Centre Liverpool (ACCL) and the Southport Theatre and Convention Centre (STCC).

Having commenced in June 2019, the project was originally intended to run to June 2022 with the aim of establishing a new commercial model for conference subvention while using SIF investment to attract large scale national and international conferences over that period. During that time, the commercial model would be tested, before being fully adopted (and funded) by the private sector.

The impact of Covid 19 along with the enforced closure of the conference venues has delayed the delivery of the project and resulted in an extension to March 2023. Its focus has naturally turned to recovery and helping the project partners either recover lost conference business or to protect conferences that have already been secured. Whilst the development of a new commercial model and business events strategy were completed in May 2020, the changes brought about by Covid to the business events market means the majority, if not all this work, is now no longer valid.

## 2. Subvention Model – Progress to date

Whilst now out of date, progress on developing the commercial subvention model considered a range of options capable of generating in the region of £1m per annum. Through engagement of the region's hoteliers and conference venues, a voluntary model was discounted in favour of one that could be enforced and would ensure all beneficiaries contributed equitably. As a result, the legislative framework of Business Improvement Districts (BIDs) was considered the most credible option as business levy contributions can be calculated in different ways as well as being ringfenced for specified activities.

The initial modelling concentrated on raising revenues through standard rateable value business contributions supplemented by a separate levy on serviced accommodation providers. The supplementary charge was intended to reflect the value of business events to the accommodation sector (in terms of increased bed nights, rate and occupancy etc) and because revenue generated through the standard rateable value contribution alone (1.5% on top of existing business rate contributions), was not sufficient to meet the region's overall subvention requirement. The option also offered the potential to support other destination-based activities including destination marketing, destination management and bidding for leisure/sporting events.

In terms of the detailed modelling for the hotel/accommodation elements of the levy, the business events strategy assessed the options for a levy based on visitor nights and a zonal model whereby accommodation providers are charged based on their proximity to the conference venue. Whilst not insurmountable, the key issues with both options ranged from the unfairness of a tax on the accommodation sector that is not perceived to be equitable (when compared to the contributions made by other all sectors of the visitor economy), to the impracticalities of introducing a charging system that could incorporate multiple venues.

### **3. Other Approaches**

The SIF BVE Programme Board recognised the need to find a long-term funding solution for subvention to ensure the City Region remains competitive in attracting conference business. This includes the certainty that public sector funds will come under increased pressure over the medium term and a private sector led solution is required for subvention funds. It also recognises that the model must also support other key visitor demand drivers including destination marketing and major events.

In reaching this point, two alternative mechanisms are being considered for levying accommodation providers. The first is a commissioned based model whereby all hotels within the BID area would be subject to the standard percentage business rate levy. A percentage commission payment would also be made after business has been generated and above an agreed baseline (potentially set every two years).

The second option is an increased business levy for accommodation providers of anywhere between 1.5% - 5% of their rateable value (RV). For fairness, the levy charge could be made in several different ways to achieve the required revenue target. This could range from the straight percentage contribution of RV, to a percentage RV contribution that varies according to the size (number of rooms, REVPAR) or proximity of the hotel to the city region's mass of attractions - conference and events venues, leisure attractions, retail centres etc.

As part of the transitional arrangement to the new operating model, it is anticipated that further bids to the region's SIF programme will be submitted to ensure the City Region remains competitive during the development period. As per the City Region's recently adopted visitor economy recovery strategy (running to March 2023), this is likely to include further support for conference subvention post March 2023 as well as funding for attracting major sporting events. In terms of destination marketing, a £3.5m project has recently been submitted to SIF and if successful will run to March 2024.

The governance and control measures associated with the allocation of funds will be developed through the SIF programme boards that have/will be created to oversee the delivery of the SIF programmes. The intention is to incorporate the boards into the BID governance framework once it has been established (see section 4).

### **4. Culture & Commerce BID/Accommodation BID**

In June 2021 businesses in the Liverpool's main waterfront areas voted to create Culture and Commerce Business Improvement District. The BID will take in many of Liverpool's major visitor attractions and venues including National Museums Liverpool, the Arena and Convention Centre Liverpool and the Royal Albert Dock. It will also include many of the waterfront hotels including the Crowne Plaza and Pullman with all businesses contributing 1.5% of their rateable value to the BID. The Culture and Commerce BID will operate for 5 years and will be supplemented by the existing Retail BID covering much of the city centre's retail quarters but excluding Liverpool ONE.

As part of these arrangements, the potential of establishing a separate Accommodation BID has been discussed with Liverpool's hoteliers via Liverpool Hospitality (the City Region's trade association for the hospitality industry). While discussions are at an early stage, and there will be a requirement for full and detailed consultation with hoteliers, the principle of creating of a separate accommodation BID is broadly accepted as the best mechanism for supplementing the income currently being generated by the existing BIDs. If successful, the accommodation BID would apply to all

hotels within Liverpool city centre and supersede the arrangements for those accommodation providers currently contributing to the Culture and Commerce BID.

Based on the potential charging options outlined in section 3, the Liverpool BID Company has developed some initial modelling to establish the likely revenue projections based on the rateable value of the city centre hotel stock (current and pipeline) and varying levy charges. There has been no modelling of the commissioned based approach also outlined in section 3. The Liverpool BID Company has advised central government/secretary of state of their intention to establish an accommodation BID.

## 5. Your Brief

Based on the background and progress made to date, we are seeking external expertise to help establish the full business case (using standard Green Book methodology) to support the creation of an accommodation BID in Liverpool City Centre. As part of the development work, the process for introducing a similar model in Southport must also be progressed.

The Accommodation BID will be required to work alongside the existing BIDs operating in the City Centre with the intention of generating sufficient revenue to support key demand activities including destination marketing, conference subvention and the attraction of major leisure/sporting events. It is anticipated that revenue may also be required for destination management services including the tourist board/DMO.

As part of the full business case development, the analysis will be required to consider the do-nothing option, however the priority will be assessing the options for a **variable levy on rateable value** and **the commissions-based model**. The resulting analysis will help stakeholders agree the preferred option on which the full business case will be developed and used to support the Accommodation BID ballot anticipated for February 2022.

In establishing the full business case, the key considerations must include:-

- **Economic analysis:** The pre covid baseline for leisure and business visitors to the city and proposed growth rates based known supply side interventions (new infrastructure (attractions, hotels etc), access to new markets), organic growth and demand stimulus interventions being delivered through the existing/proposed SIF programmes.
- **Financial modelling:** The overall funding requirement associated with the requirements for conference subvention, destination marketing and attracting major leisure/sporting events. Within this analysis assessments will be required to estimate the cost of capture (resource, bidding, destination systems – web, CRM etc), direct revenue projections to the accommodation sector, other associated operating overheads including the Liverpool BID Company and cashflow. Analysis must include the transition from SIF/public sector to the BID model over the short medium term (3-5 years) and the potential requirement/justification for further public sector funding.
- **Management:** The detailed proposals for evolving the existing governance of the SIF funded projects (existing and potential) into the Accommodation BID. This will include the legal implications, accountabilities, and management arrangements with third parties including the Combined Authority (via

Growth Platform as the LCR DMO), non-BID members such as Liverpool ONE and LCC/Marketing Liverpool.

- **Commercial:** The retention of consultancy services for testing and refining the Accommodation BID based on evidencable return on investment and managing the associated risks.

The full business case must be completed over a 6-month period commencing September 2021. The intention is to use the existing and proposed visitor economy SIF programmes being managed through Growth Platform as transitional funding to ensure the City Region remains competitive while the accommodation bid/commercial model is being developed and tested. The process will also support financial planning (especially conference bidding) for initiatives that will need to be considered beyond the periods for which SIF investment has been secured. This process may not preclude further requests for investment (Government, SIF etc) that may be needed to support the implementation arrangements for the accommodation BID.

To ensure the Accommodation BID is fit for purpose, consultancy support will be retained until March 2023 to support the implementation of the model and to help secure transitional funds. Underpinning this will be a clear implementation framework for the preferred option for introducing the Accommodation BID and managing the process of business change with key partners.

As part of the process for developing, refining, and testing the model, we anticipate that a wide-ranging programme of consultation will be required. Liverpool Hospitality will provide the main conduit for engaging the accommodation sector, however wider engagement of the national and independent brands who sit outside the association will also be required. In addition, we would expect engagement of the wider stakeholder groups including (but not limited to) the Liverpool BID Company, Southport BID Board, ACCL, other major conference venues including universities and football clubs, Liverpool City Council, the LCR Combined Authority and the region's other local authorities that are relevant to the project.

Other industry bodies and groups that may be applicable include the Liverpool Visitor Economy Network Board and the LCR Visitor Economy Board.

## 6. Governance

The consultancy is being funded through the LCR BVE SIF project and will progress the core requirement to establish a new financial model for generating conference subvention over the next 3 – 5 years. Represented on the Business Events project board are the Liverpool Hospitality (board chair and the city region's recognised hospitality association), the Liverpool BID Company, Marketing Liverpool, Local Authority Partners and the ACCL. The project board will oversee the delivery of this project and act as a shadow for developing the Accommodation BID.

The project will be led by the LCR Growth Platform as the accountable body for the BVE project other related SIF programmes. The group will be accountable to the region's Visitor Economy Board (VEB) and Liverpool City Region Combined Authority.

## 7. Project Timelines & Milestones

Milestone Activity	Timescales
Procurement and Appointment External Expertise	September 2021 (see below)
Project Start – LCR Business Tourism Strategy & Commercial Model Development	September 2021
Project Delivery	September 2021 – December 2021
Completion of full business case & consultation	January 2021 – February 2022
Accommodation BID Ballot	February 2022
On-going development & refinement	February 2022 – March 2023

Project procurement, award and initiation will need to be progressed within an acute timeframe. In order to provide bidders with key milestones, the timeline below indicates the response time and proposed timescales for the award, please note these dates are subject to change:

Project specification issued	23 July 2021
Project Questions Deadline	4 August 2021
Project Responses	6 August 2021
Submission Deadline	9 August 2021
Clarification Interviews (if required)	3 September 2021
Appointment Decision	6 September 2021
Contract Commencement	13 September 2021
Contract Completion	31 March 2023

## 8. Supplier questions

Any questions should be directed to [natasha.mealor@growthplatform.org](mailto:natasha.mealor@growthplatform.org), on or before the 'Questions Deadline' date stated in the above timeline.

All questions and answers will be made anonymous and disseminated to all potential suppliers on Growth Platforms tender page. It will be the responsibility of the potential supplier to monitor the site for latest activity.

## **Liverpool City Region – Business Events Strategy & Commercial Subvention Model**

Tender Submission Information

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## 1. Format & Content of Submission

The company must demonstrate the ability and capacity to deliver the brief via a written submission. Guidance for the submission of tenders is as follows:-

### Quality Submission

- A submission in MS Word or PDF formats and not exceed 10 sides of A4.
- Provide a clear indication of how resources will be deployed and apportioned, including the necessary supporting systems and tools needed to fulfil the brief, factored into the overarching cost schedule.
- Appendices can also be attached to submissions and clearly referenced
- Measures and approach to managing/mitigating project risks should also be outlined.

### Price Submission

- Please attach your price submission marked **Business Events Strategy and Commercial Model - Price Submission**.

Further details of evaluation criteria are found in section 2 which will be the framework of your submission.

**COMPLETED TENDERS SHOULD BE SUBMITTED BY EMAIL TO  
[NATASHA.MEALOR@GROWTHPLATFORM.ORG](mailto:NATASHA.MEALOR@GROWTHPLATFORM.ORG) BY 5PM ON 9 AUGUST\_2021**

The deadline for any queries prior to submission is 4 August and these should also be sent by email to [natasha.mealor@growthplatform.org](mailto:natasha.mealor@growthplatform.org)

## Evaluation

When awarding this contract Growth Platform on behalf of the LCR LEP reserves the right not to accept the lowest price tender, but the most economically advantageous tender taking into consideration the award criteria below.

Submission will need to score at least 65% to be eligible. In the event that all submissions score under 65%, Growth Platform reserves the right to re-advertise the opportunities. 35% will be awarded to the lowest priced bid and the remaining Tenderers will be allocated scores based on their deviation from this figure.

## 2. Evaluation Criteria

Proposals / Quotations will be assessed and scored on the following criteria:

Price 40%  
Quality 60%

Quality and price submissions will be evaluated separately, and price will not be the sole deciding factor. This helps to ensure that quality evaluations are as effective and fair as possible.

## Evaluation Criteria

Proposals / Quotations will be assessed and scored on the following criteria:

Quality 60% made up of;		Weightings
1.	An overview of the implementation and delivery plan you will adopt for the development of the accommodation BID. Please provide detail how you will ensure timescales are met.	20%
2.	Detail the resources and your company's technical ability to carry out the service. Provide information on the composition of the delivery team for performance of the service and level of resources to be used.	20%
3.	Who do you see as the key stakeholders and partners in this project and how do you propose to engage with them?	20%
4.	Price Breakdown costs Other overheads Ongoing consultancy costs post business case delivery to March 2023	40%

The scoring mechanism for scored questions will be detailed as follows unless stated otherwise.

Score	Meaning
0	Unacceptable response. Requirement level is not met. Many important issues are completely un-addressed or response wholly inadequate or inappropriate. Concerns are serious and risk levels unacceptable for many areas.
2	Poor response. Requirement levels are adequate for only some important issues. Some important issues are largely incomplete. Concerns are serious and risk levels unacceptable for some areas.
4	Adequate response. Requirement level is partially met. Overall the proposals are satisfactory, but some issues are weak. Risk levels apply but Bidder has demonstrated understanding of how they will meet all minimum requirements.
6	Good response. Requirement level is partially met, competence is demonstrated in all areas but there is scope for more detail and more depth in some areas.
8	Very good response. Requirement level is met with only a few minor weaknesses or queries. Competent bid demonstrating overall understanding of requirements and experience in all areas.

Score	Meaning
10	Excellent response. Requirement level fully met. All key issues addressed. Range of examples of good practice, experience, understanding of requirements.

### Price Scoring

Price will be scored based on the following formula.

**Lowest price submitted** [divided by] **your bid price** [multiplied by] **40%**

### 3. Terms & Conditions

The Liverpool City Region Growth Platform standard legal terms and conditions will be used to govern procurement and contract management. These arrangements will be confirmed on completion of the tender process. Please note that Growth Platform does not negotiate these standard terms as they are considered to be fair and reasonable.

### Conditions of Tender

- There is no regulatory obligation for us to provide feedback if you are unsuccessful.
- We reserve the right to discontinue this tender process at any time and not award a contract.
- You will not be entitled to claim from us any costs or expenses which you may incur in preparing and/or submitting your Tender at any stage of this exercises. This applies whether or not your organisation is successful.

### 4. Budget

A maximum of £49,488 (inclusive of VAT) has been allocated for the period July 2021 to March 2023.

All tenders should be inclusive of travel and accommodation. The LCR Growth Co will provide meeting facilities for the various consultation and stakeholder events that will be required as part of the development process.

### 5. Clarification Interviews

If it is felt that submissions require clarification, tenderers will be invited to a clarification interview. The representatives who attend should be the people who will be working on this contract. Suppliers will be sent an invitation with an allocated slot before the interview date in the timetable above.