TITLE OF RESEARCH PROJECT

**Organisation National Lottery Heritage Fund**

**Department** Strategy & Business Development

**Title of procurement Full Cost Recovery Policy review**

**[FINANCE NUMBER 244]**

**Brief description of supply** Research Service

**Estimated value of tender** Up to £20,000 including expenses and VAT

**Estimated duration** 3 months

**Name of the Fund Contact** Hilary Leavy

**Timetable** Response deadline: 11.00 am on 13th March 2019  
  
Clarification questions deadline: 27th February 2019

Clarification & Negotiation meetings: W/c 18th March 2019

Confirmation of contract: 25th March 2019

Completion of research: 28th June 2019

# 1. Overview

* 1. The National Lottery Heritage Fund, formerly the Heritage Lottery Fund (HLF), was set up in 1994 under the National Lottery Act and distributes money raised by the National Lottery to support projects involving the national, regional and local heritage of the United Kingdom. We operate under the auspices of the National Heritage Memorial Fund (NHMF). In January 2019 we launched our current Strategic Framework: ‘Inspiring, leading and resourcing the UK’s heritage’. See the [Fund's website](https://www.heritagefund.org.uk/publications/strategic-funding-framework-2019-2024) for more details.
  2. The Fund invests in the full breadth of the UK’s heritage and, through our funding, we aim to make a lasting difference for heritage and people. This is reflected in the outcomes for heritage, people and communities which underpin our grant-making. We consider the full breadth of heritage to include:  
       
     - Historic buildings  
     - Industrial, maritime and transport heritage  
     - Museums, libraries and archive collections  
     - Intangible heritage  
     - Landscapes and nature  
     - Community heritage
  3. The Fund has launched its fifth strategic framework, which will run from 2019 to 2024.
  4. As part of our last Strategic Framework 2013-18 we introduced the option for applicants from the voluntary and community sector to include budget for full cost recovery (FCR) within their project plans (other organisation types are not eligible for this funding). We currently signpost applicants to recognised guidance on calculating FCR from organisations such as the Association of Chief Executives of Voluntary Organisations (ACEVO) and the National Lottery Community Fund, formerly Big Lottery Fund.
  5. The term ‘full cost recovery’ means securing funding for – or ‘recovering’ – all of an organisation’s costs, including the direct costs of projects and all overheads. In full cost recovery an organisation’s overheads are shared among the organisation’s different projects. The full costs of a project are all the costs directly relating to the project plus the project’s share of the overheads.
  6. We would like to review a sample of grants from eligible applicants to gauge the overall take up of applying for full cost recovery since 2013 and test assumptions with stakeholders from the heritage sector in order to better understand how it is being used and whether or not our current guidance is fit for purpose in order to inform future policy.
  7. The aim of the research is to review our FCR guidance and take up by grantees, and suggest changes, if necessary.
  8. The research objectives are to:
* Review a sample of 200 grants to applicants eligible to apply for FCR in order to establish the level of take up, the average percentage allocated in an applications overall budget for FCR and the sorts of costs a claim would typically cover.
* Explore grantee perspectives on the importance of the Fund supporting FCR through our grant making, the ease of implementation and clarity of our current guidance. We would also like to hear from grantees who chose not to use FCR where they could have claimed to understand the reasons why.
* Explore grantee perspectives on potential alternatives to FCR with the objective of ensuring that our project funding takes reasonable account of their need to sustain their organisation (by covering an element of core costs).
* Review and report on other funders, such as the National Lottery Community Fund, policy approaches to core costs and any literature currently available on full cost recovery in the voluntary and community sector.
* Draw conclusions and make recommendations to the Fund on options around FCR and highlight any implementation issues, with recommendations for a favoured course of action.

# Method

We would like consultants to set out in the proposal a research methodology to achieve the aim and objectives of the study.

* 1. We envisage that it may involve, but not necessarily be limited to, the following components:  
       
     - Undertake a desk based review and analysis of 200 successful applications to the Fund  
     - Design and administer a survey of the Fund’s applicants and conduct a series of interviews, to be agreed, to gather feedback on the use of FCR  
     - Review policy documents from other funders and any other relevant literature  
     - Produce a final report for the Fund summarising findings and recommendations, identifying what policy changes the Fund should consider, if any.
  2. The information the Fund will provide includes:  
       
     - A sample of 200 grants including grantee contact details  
     - Our current guidance and details on our current approach to FCR

# Outputs

* 1. The following outputs will be required:
* a draft final report in word;
* a final report in word including a summary of findings and any recommendations for a revised FCR policy to the Fund;
* a set of research data, to be stored in a readily accessible electronic format such as Excel
  1. All reports must adhere to the Fund’s accessibility and formatting guidance (appended). We also expect reports to follow the layout advised in our evaluation guidance.
  2. The initial findings will be confidential to the Fund. The Fund may prepare or commission summary reports and other materials for subsequent wider distribution, based on the results.
  3. All reports to include appendices as agreed between the Fund and the contractor. The contents and structure of the report to be agreed in advance of writing. All reports to be supplied in electronic format and hard copy if requested.
  4. The successful bidder must comply with all of the requirements of the Data Protection Act 2018 and shall ensure appropriate research consents from interviews or any data collection.
  5. The successful bidder will be expected to discuss and present findings at appropriate times, to internal and external audiences, including our Board, our Senior Management Team, Grantees, policy makers and other external stakeholders. The purpose of these presentations is to enable lessons to be learned and key policy and practice issues to be highlighted as the evaluation progresses.
  6. We expect all projects we fund to adhere to the Social Research Association (SRA) ethical guidelines. If your proposal raises particular ethical issues, you must indicate what they are and what your strategy for addressing them is.

# Contract management

* 1. We expect the research/evaluation to begin 25th March 2019 and be completed by 28th June 2019. The final report shall be submitted to the Fund by12th July 2019.
  2. The anticipated budget is up to £20,000 to include all expenses and VAT. The contract will be let by the National Heritage Memorial Fund.
  3. The payment schedule will be 25% on contract signing, 50% midway through and 25% on receipt of final report.
  4. The contract will be based on the Fund’s standard terms and conditions.
  5. The research will be managed on a day to day basis for the Fund by Hilary Leavy, Evaluation Manager.

# Award Criteria

* 1. A proposal for undertaking the work should be a maximum of 10 pages and include:
* a detailed method for undertaking the study;
* details of staff allocated to the project, together with experience of the contractor and staff members in carrying out similar projects. CV’s, along with any other relevant information can be provided in appendices. The project manager / lead contact should be identified;
* the allocation of days between members of the team;
* the daily charging rate of individual staff involved;
* a timescale for carrying out the project;
* an overall cost for the work.
  1. Your Bid will be scored out of 100%.

**70% of the marks will be awarded to Quality**

Each question will be scored using the methodology in the table below.

Tender responses submitted will be assessed by the Fund against the following Quality Questions:

|  |  |
| --- | --- |
| 1. Demonstrated a clear understanding of the aims, objectives and main concerns of the review. | Weighing  25% |
| 1. Demonstrated an ability to review policy and make recommendations | Weighting  25% |
| 1. Demonstrated the bidder has the capacity and resources to carry out the analysis and review within the timescale, or if working in partnership, each organisation has the capacity to fulfil its role and roles of each partner is clear. | Weighting  25% |
| 1. Demonstrated a clear and realistic project plan, showing phases of the analysis and tasks for each phase and roles and responsibilities for each member of the team. | Weighting  25% |

## Quality Questions scoring methodology

| Score | Word descriptor | Description |
| --- | --- | --- |
| 0 | Poor | No response or partial response and poor evidence provided in support of it. Does not give the Fund confidence in the ability of the Bidder to deliver the Contract. |
| 1 | Weak | Response is supported by a weak standard of evidence in several areas giving rise to concern about the ability of the Bidder to deliver the Contract. |
| 2 | Satisfactory | Response is supported by a satisfactory standard of evidence in most areas but a few areas lacking detail/evidence giving rise to some concerns about the ability of the Bidder to deliver the Contract. |
| 3 | Good | Response is comprehensive and supported by good standard of evidence. Gives the Fund confidence in the ability of the Bidder to deliver the contract. Meets the Fund’s requirements. |
| 4 | Very good | Response is comprehensive and supported by a high standard of evidence. Gives the Fund a high level of confidence in the ability of the Bidder to deliver the contract. May exceed the Fund’s requirements in some respects. |
| 5 | Excellent | Response is very comprehensive and supported by a very high standard of evidence. Gives the Fund a very high level of confidence the ability of the Bidder to deliver the contract. May exceed the Fund’s requirements in most respects. |

**30% of marks will be awarded for Price.**

The evaluation of price will be carried out on the Schedule of charges you provide in response to **Table A**

## Price Criterion at 30%

* 30 marks will be awarded to the lowest priced bid and the remaining bidders will be allocated scores based on their deviation from this figure. Your fixed and total costs figure in your schedule of charges table will be used to score this question.
* For example, if the lowest price is £100 and the second lowest price is £108 then the lowest priced bidder gets 30% (full marks) for price and the second placed bidder gets 27.6% and so on. (8/100 x 30 = 2.4 marks; 30-2.4 = 27.6 marks)
* The scores for quality and price will be added together to obtain the overall score for each Bidder.

## Table A - Schedule of Charges

Please show in your tender submission, the number of staff and the amount of time that will be scheduled to work on the contract with the daily charging rate.

Please complete the table below providing a detailed breakdown of costs against each capitalised description, detailing a total and full ‘Firm Fixed Cost’ for each element of the service provision for the total contract period. Bidders may extend the tables to detail additional elements/costs if required.

VAT is chargeable on the services to be provided and this will be taken into account in the overall cost of this contract.

As part of our wider approach to corporate social responsibility the National Heritage Memorial Fund/National Lottery Heritage Fund prefers our business partners to have similar values to our own. We pay all of our staff the living wage (in London and the rest of the UK) and we would like our suppliers and contractors to do likewise. Please highlight in you proposal/tender/bid whether you do pay your staff the living wage.

Bidders shall complete the schedule below, estimating the number of days, travel and subsistence costs associated with their tender submission.

**TABLE A: (firm and fixed costs)**

| **Cost** | **Post 1 @cost per day**  **(No of days)**  *e.g. Project Manager/ Director*  *@ £2* | **Post 2 @cost per day**  **(No of days)**  *e.g. Senior Consultant/manager/researcher*  *@£1.5* | **Post 3 @cost per day**  **(No of days)**  *Junior*  *Consultant/equivalent*  *e.g. £1* | **Total days** | **Total fees** |
| --- | --- | --- | --- | --- | --- |
| Inception meeting to agree plans and finalise requirements with the Fund | *Example 0.5* | *1* | *1.5* | *3* | *£4* |
| *[Add as necessary]* |  |  |  |  |  |
| *[Add as necessary]* |  |  |  |  |  |
| *[Add as necessary]* |  |  |  |  |  |

| Cost Type | Value (£) |
| --- | --- |
| Sub - Total |  |
| VAT |  |
| Total\* |  |

\* (This must include all expenses as well as work costs; this figure will be used for the purposes of allocating your score for the price criterion and must cover the cost of meeting all our requirements set out in the ITT)

***Notes:* The Fund reserves the right to clarify quality and prices and to reject tenders that demonstrate an abnormally low quality response. The Fund also reserves the right to amend the timetable of work where required.**

*You should not submit additional assumptions with your pricing submission. If you submit assumptions you will be asked to withdraw them. Failure to withdraw them will lead to your exclusion from further participation in this competition.*

# Procurement Process

* 1. The Fund reserves the right to reject abnormally low scoring tenders. The Fund reserves the right not to appoint and to achieve the outcomes of the research/evaluation through other methods.
  2. The procurement timetable will be:
* Deadline for clarification questions: 27th February
* Tender return deadline: 11.00 am on 13th March
* Clarification meetings\*\* may be held with shortlisted consultants and would take place on week commencing: 18th March
* The Fund will notify bidders of our procurement decision week commencing: 25th March
* \*The Fund will upload response to clarification on the government’s contract finder website.  Please note that we will make the anonymised questions, and our responses to them, available to everyone on this website.
* \*\*We reserve the right to carry out clarifications if necessary; these may be carried out via email or by inviting bidders to attend a clarification meeting.  In order to ensure that both the Fund’s and Bidder’s resources are used appropriately, we will only invite up to three (the ultimate number will depend on the closeness of the scores) highest scoring bidders to attend a clarification meeting.  Scores will be moderated based on any clarifications provided during this meeting.  You are responsible for all your expenses when attending such meetings.
  1. Your tender proposals must be sent electronically via e-mail before the tender return deadline of 11.00 am on 13th March to the following contact:

HILARY LEAVY

National Lottery Heritage Fund

Holbein Place

London

SW1W 8NL

Hilary.leavy@hlf.org.uk

* 1. Please visit the [Fund's website](https://www.heritagefund.org.uk/) for further information about the organisation.

**Appendix: Accessibility and formatting guidance**

The National Lottery Heritage Fund is committed to providing a website that is accessible to the widest possible audience. Our site is annually tested by accessibility auditors and we must meet a AA compliance level. Our accessibility testing encompasses not just site functionality and design but all of our content, including downloadable documents.

Reports and other documents created for the Fund (**including the tender submissions**) need to be clear, straightforward to use and ready to circulate internally, externally and online, as well as suitable for use by screen reading software. Best practice in accessibility is summarised below:

**Readability**

In the final report, and all other documents that may be published online including the tender application consultants should ensure that:

* The size of the font is at least 11pt;
* There is a strong contrast between the background colour and the colour of the text. Black text on a white background provides the best contrast. This also applies to any shading used in tables and/or diagrams;
* Italics are only used when quoting book titles for citations and items on the reference list should be arranged alphabetically by author
* Colour formatting and use of photos should be of a resolution size that is easily printable and does not compromise the printability of the document.

For further guidance on ensuring readability of printed materials, please refer to the RNIB Clear Print guidelines. These can be found on the [RNIB website](http://www.rnib.org.uk/Pages/Home.aspx).

**Accessibility**

Reports should adhere to the following guidelines:

**Formatting**

Headings and content in your document should be clearly identified and consistently formatted to allow easy navigation for users. Heading Styles should be used to convey both the structure of the document and the relationship between sections and sub-sections of the content. Heading styles should follow on from each other i.e. Heading 1 then Heading 2.

**Spacing**

Screen readers audibly represent spaces, tabs and paragraph breaks within copy, so it is best practice to avoid the repetitive use of manually inserted spaces. Instead, indenting and formatting should be used to create whitespace (e.g., use a page break to start a new page, as opposed to multiple paragraph breaks).

**Alternative text**

Alt text is additional information for images and tables. This extra information is essential for both document accessibility (screen reading software reads the Alt text aloud) and for the web. Alt text should be concise and descriptive, and should not begin with ‘Image of’ or ‘Picture of’.

**Images**

These should be formatted in-line with text, to support screen readers. Crediting pictures may be necessary, usually in response to a direct request from a third party.

**Tables**

These should be for used for presenting data and not for layout or design. They should be simple and include a descriptive title. The header row should be identified and there shouldn’t be more than one title row in a table. There should be no merged or blank cells.

**Additional documents**

Any additional information, separate to the report, for example proformas and transcripts which may be used as standalone documents must be fully referenced to the piece of work being submitting and therefore dated, formatted and numbered appropriately.

**Acknowledgement**

All reports should acknowledge the Fund. Our logo can be found on the [Fund's website](ttps://www.heritagefund.org.uk/search?keys=Logos).

**Further resources**

Please refer to the WCAG 2.0 article on [PDF techniques](https://www.w3.org/TR/2014/NOTE-WCAG20-TECHS-20140408/pdf.html) for further information.

**Submitting your report to THE FUND**

Please check the accessibility of your document using the Word accessibility checker before submitting: File – Info – Check for Issues – Check Accessibility.

Please submit your document as a Word file.

The Fund retains the right to amend documents in order to create accessible versions for publishing.