



INVITATION TO TENDER

AUDIT & ACCOUNTING SERVICES FOR WAVE HUB LIMITED

Ref: WH/2016/TEN/02

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1.0 BACKGROUND

1.1 Wave Hub Limited

Wave Hub Limited (WHL) is a private company limited by shares and a Research Organisation. It is the operating company of the Wave Hub testing facility in Cornwall and the third party manager for the North Devon and Pembrokeshire demonstration zones.

WHL's principle objectives are to:

- Build a world leading and financially sustainable offshore renewable energy business.
- Ensure safe and efficient operations at Wave Hub that meet customers' needs.
- Progress technology development by enabling connection and testing of large scale offshore renewable energy installations.
- Drive research and innovation to help overcome the final hurdles to full commercialisation.

WHL has a small non-executive Board currently comprising the shareholder representative, the Managing Director and other members who are appointed to bring expertise to the company. The WHL operations team comprises four full-time employees and one full-time contractor providing technical support.

WHL has recently established a subsidiary company, Wave Hub Development Services, of which WHL is the sole shareholder. This will act as the commercial arm entering into berthing agreements with developers and undertaking consultancy services.

The sole shareholder of WHL is the Department of Business, Energy and Industrial Strategy (BEIS) and as such WHL is a public body that operates within the framework set out in Managing Public Money. In the March 2016 Budget the Chancellor announced that ownership of WHL would transfer to Cornwall Council and this is due to be completed over the summer.

1.2 Wave Hub

Wave Hub is the world's largest and most technologically advanced site for the testing and development of wave energy devices. It allows developers the opportunity to test arrays of wave energy devices over several years in a realistic, fully monitored marine environment.

The Wave Hub infrastructure comprises an onshore substation in Hayle, a terminal and distribution hub on the seabed 10 nautical miles off the north coast of Cornwall and a 25 km armoured subsea power cable. This infrastructure connects an 8 sq km consented area of sea to the local grid network and the system is designed to operate at either 33kV or 11kV.

The Wave Hub seabed lease from the Crown Estate is for 25 years and the area is subdivided into four berths comprising approximately 1 km x 2 km which are sublet to developers. Each berth is capable of accommodating a generating capacity of up to 12MW and power metering is performed on the devices and at the substation. The control and monitoring of wave energy devices is performed remotely via a high speed broadband connection from the substation using data transmitted via fibre optic cables with the subsea power cable. The device developers are responsible for their devices, in terms of installation and ongoing operation and maintenance of devices.

A schematic of the Wave Hub system is presented in Figure 1 below.

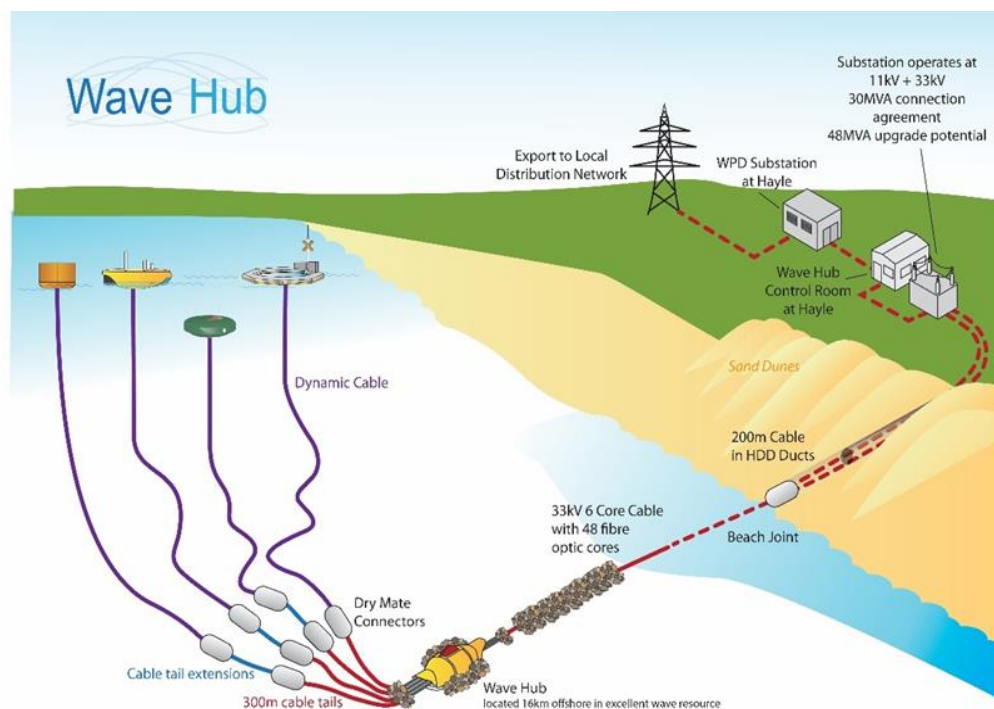


Figure 1

2. SCOPE OF CONTRACT

2.1 Introduction

WHL is seeking a suitable qualified Audit and Accounting service provider to support its finance activities as well as those of its subsidiary company, Wave Hub Development Services (WHDS). For the avoidance of doubt, this tender excludes the major Wave Hub infrastructure asset which is owned separately.

2.2 Financial Background

WHL has an operating budget in the region of £1,600,000 per annum. This covers staff and administration, infrastructure maintenance, health and safety

obligations, support for device developers deploying at our sites, and development of new business activities such as the demonstration zones.

WHL's operating costs are currently funded largely by way of grant income from the shareholder but over time WHL will receive an increasing income from device developers in the form of reservation fees and berth rentals such that WHL will no longer need public sector funding support. Other sources of income include the sale of electricity generated by devices, contributions from local partners and the Crown Estate to develop new sites, and European Regional Development Funding.

The current accounting system is QuickBooks, and this is managed by the Head of Operations and Business Services. Payroll processing services are outsourced. Wave Hub Limited is registered to operate VAT. The statutory financial year end is 31 March.

2.3 Audit Background

Annual audits take place at the time of preparing the annual accounts and should include as a minimum full reconciliation of income and expenditure as well as compliance with WHL and WHDS governance procedures.

2.4 Scope of Work

The provider will be specifically required to:

1. Undertake the production of annual statutory accounts for WHL and WHDS from trial balance and undertake a statutory annual audit of WHL and WHDS.
2. Provide advice and guidance on Corporation Tax, R&D Tax Credits and VAT issues including compliance, preparation of computations, returns to HMRC and the provision of general advice.
3. Provide advice and guidance on the financial relationship between WHL and WHDS.
4. Provide ad hoc accountancy advice on a call off basis.
5. Produce reports for the Board as required, including management accounts where requested.
6. Attend meetings with the WHL team as required.

2.4 Contract Term

The contract will commence on 1 October 2016 and run for a three year period to 31 September 2019, with the potential for a 12 month extension. Please note these dates are subject to confirmation and may change.

3.0 INSTRUCTIONS TO TENDERERS

3.1 Introduction

Failure to comply with any of these instructions may lead to tenders being rejected.

3.2 Clarifications

If there is any query regarding the meaning of the Tender Document the Tenderer shall set out such queries in writing for clarification and address them to Helen Wilson-Prowse, Wave Hub Limited, Chi Gallos, Hayle Marine Renewables Business Park, North Quay, Hayle, Cornwall TR27 4DD. Requests for clarification shall be submitted in writing, in sufficient time to allow a response and at least two working days before the final date for submission of Tenders. Any emails should be sent to [clarifications@ wavehub.co.uk](mailto:clarifications@wavehub.co.uk) quoting the tender reference number in the subject line. Responses to all clarification questions will be posted on the Tender Opportunities page of the Wave Hub website.

3.3 Tender Amendment

During the tender period WHL may issue Tender Amendments to clarify, modify or add to the Tender Document. A copy of each Tender Amendment will be issued on the Tender Opportunities page of the Wave Hub website and shall become part of the Tender Document. No addition or alteration shall be made to the Tender Document unless it is the subject of a Tender Amendment.

3.4 Withdrawal

If a Tenderer, having indicated an intention to submit a tender, decides they are unable to then they should notify WHL immediately. The Tenderer shall then return the Tender Document to WHL, including any copies. The Tenderer shall state in writing the reasons for withdrawal.

3.5 Conditions for Tendering

WHL does not bind itself to accept the lowest or any Tender, nor shall WHL be liable for any expenses incurred by the Tenderer in preparation of the Tender. Tender qualifications are to be avoided by prior clarification of requirements or interpretation with WHL. A qualified Tender may be rejected.

3.6 Information to be Returned with Tender

The following information is to be returned in the order specified in a single hard copy along with one electronic copy on CD:

- Project Organisation setting out the proposed team along with details of any sub consultants to be appointed to include details of audit qualifications.
- Experience of the company in the delivery of Audit and Accountancy services with a particular emphasis on small limited companies, public sector bodies and research organisations.
- Experience of the renewable energy sector is desirable.
- List of key personnel and CV's for the proposed Client Lead and day to day contact that you are proposing to deliver the service. The CV's should show how the proposed individuals have the necessary skills and expertise to meet the requirements of this project. Emphasis will be given to the Client Lead and their relevant experience, as can be seen from the weighting of the quality scores set out below.
- A detailed method statement setting out as a minimum your approach to managing this commission, any start-up/induction time necessary and your ability to meet the audit deadlines.
- A schedule of staff resources (with hours/days by activity) required to provide this service, including hourly and daily rates, to tally with the lump sum submitted as part of the tender.

Tenders should be returned to Wave Hub Limited, Chi Gallos, Hayle Marine Renewables Business Park, North Quay, Hayle, Cornwall TR27 4DD quoting Tender Number WH/2016/TEN/02 by noon on the 26 August 2016. Tenders should not bear any identification of the sender and should be marked 'Tender – Do Not Open'. Tenders received after the time stated for return will not be considered.

4.0 EVALUATION

4.1 Evaluation Criteria

Submissions will be assessed based upon the most economically advantageous tender. There will be a quality/price split of 60/40. The following assessment criteria will be applied to the submissions:

Quality – 60 points

- | | |
|-----------------------------|----|
| • Project organisation | 5 |
| • Company experience | 20 |
| • Team composition/roles | 15 |
| – Client Lead | 10 |
| – Others | 5 |
| • Detailed method statement | 20 |

Price – 40 points

- | | |
|---------------------|----|
| • Fixed price Offer | 25 |
| • Hourly rate | 15 |

- This is the Tendered rates from the Form of Tender. The number of points will be awarded such that the lowest Tenderer for the project receives 40 points, others will receive points based on their percentage above the lowest tender

Tenderers are required to submit a fixed fee quotation for the work listed under scope of work 2.3 items 1 and 2 above (preparation of statutory accounts, statutory audit and corporation tax compliance).

Tenderers are required to submit fixed hourly rates for the call-off work listed in scope of work 2.3 items 3, 4, 5 and 6.

These rates should be fixed for the three year term of the contract together with a potential 12 month extension.

From this assessment a shortlist will be established. If required, interviews for shortlisted tenderers may be held on 6 September. If called for interview, tenderers will be expected to present their organisation, experience, team and approach to this commission.

4.2 Award of Contract

If and when it is decided to award a contract, a written notification will be sent to each of the Tenderers advising of our decision on 9 September 2016.

A draft contract is appended to this Invitation to Tender.

The provider will be responsible to the Wave Hub Managing Director and the contract will be managed by the Wave Hub Head of Operations & Business Services.