

Report of the Head of Regeneration

Report to Director of City Development

Date: 26th September 2018

Subject: Procurement of Housing Infrastructure Fund Technical Services and Advice

Are specific electoral Wards affected?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
If relevant, name(s) of Ward(s): Little London & Woodhouse Burmantofts & Richmond Hill Beeston & Holbeck Hunslet Riverside		
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 type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
If relevant, Access to Information Procedure Rule number:		

Summary of main issues

1. Leeds City Region (LCR) is home to 3m people in the biggest economy outside London, worth over £62 billion and generating 5% of England's output. The delivery of housing through accelerated growth is central to our ambitions for inclusive growth, and people-focused regeneration. Leeds itself is the country's second largest local authority area, with a rapidly expanding population of 790,000 and approved Local Plan housing target of 70,000 new homes 2014-28 (4,700 p.a.). Leeds city centre is central to the growth ambition for Leeds and the City Region, with 35,000 new jobs and 8,000 homes being generated in South Bank alongside the arrival of HS2. Overall, Leeds city centre have the capacity to deliver 20,000 new homes creating new and diverse communities in the heart of Leeds.

2. In September 2017 Leeds City Council submitted an Expression of Interest (EOI) to the Government's Housing Infrastructure Fund (HIF) for £135m of funding to support the delivery of 21,381 new homes across the Leeds Living (Leeds City Centre) and Dewsbury Riverside projects. £113m of the funding request was for a range of infrastructure projects in Leeds City Centre to support the early interventions developed in the HS2 Growth Strategy and broader investment aspirations across the city centre to support the city centre housing markets.
3. In March 2018, Ministry for Housing, Communities and Local Government (MHCLG) announced that the EOI was through to the next stage of the bidding process, for co-development with Homes England. The co-development process will result in the submission of a business case to Homes England on 3rd December 2018.
4. The detailed requirements of the co-development phase and the full business case submission were advised to the Council in late June 2018. In order to progress the business case much more detailed technical work is required on the infrastructure projects that make up the business case to support accelerated housing delivery. For the business case to be successful the council will need to ensure that the projects are feasible and deliverable within the parameters of the HIF programme.
5. To meet the HIF business case requirements, and the tight timescales involved, the Asset Management & regeneration Service has undertaken a tender exercise through the Homes England Multi-Disciplinary Panel to secure an external organisation that can provide the specific technical services and advice needed to inform the development of the HIF business case for submission on 3rd December 2018.
6. This report sets out the tendering and evaluation process undertaken along with the outcomes of this and recommends the appointment of the winning tender on the basis of quality/ price assessment.

Recommendations

The Director of City Development is requested to:

- i) To approve the award of the contract for HIF Technical Services and Advice to Atkins Ltd for an initial period up to 31st March 2019 following the issue of Award Decision Letters to candidates and Contract Award Notice in the OJEU and a 10 day procurement standstill period, with provision to extend for a further two twelve month periods subject to satisfactory performance and value for money considerations;
- ii) Note that should the consultancy services of Atkins Ltd be required for HIF Technical Services and Advice beyond the potential two and half year contract proposed in this report, then a further report at the appropriate time will be presented to consider options for retaining their services;
- iii) Note that the Head of Regeneration will implement these actions.

1. Purpose of this report

- 1.1 The purpose of this report is to explain the process that has been followed to conclude the tendering procedure and to recommend the award of a contract to the successful tenderer.

2. Background information

- 2.1 Leeds City Region (LCR) is home to 3m people in the biggest economy outside London, worth over £62 billion and generating 5% of England's output. The delivery of housing through accelerated growth is central to our ambitions for inclusive growth, and people-focused regeneration. Leeds itself is the country's second largest local authority area, with a rapidly expanding population of 790,000 and approved Local Plan housing target of 70,000 new homes 2014-28 (4,700 p.a.). Leeds city centre is central to the growth ambition for Leeds and the City Region, with 35,000 new jobs and 8,000 homes being generated in South Bank alongside the arrival of HS2. Overall, Leeds city centre have the capacity to deliver 20,000 new homes creating new and diverse communities in the heart of Leeds.
- 2.2 In July 2017 government released details of its £2.3bn Housing Infrastructure Fund (HIF) to support the acceleration of housing delivery through infrastructure investment. In September 2017, the Council submitted an Expression of Interest (EOI) to this fund to support £113m infrastructure improvements in the city centre, to create improved connectivity and market making changes to stimulate and accelerate the delivery of 16,581 homes in the city centre (termed as the 'Leeds Living' project area). The EOI was combined with the Kirklees Dewsbury Riverside project in one EOI, and submitted as 1st priority for the city region by West Yorkshire Combined Authority. The total EOI was for £135,420,000 of funding to support the delivery of 21,381 new homes.
- 2.3 The EOI included a funding for the South Bank element of the City Centre Package programme, which forms early delivery of the HS2 Growth Strategy, as well as a broad range of measures across the city centre to deliver infrastructure improvements to support housing delivery. These interventions are market making as they connect areas of the city to the city centre, as well as making them a more attractive place to live through promoting sustainable travel and improved public realm.
- 2.4 In March 2018, Ministry for Housing, Communities and Local Government (MHCLG) announced that the EOI was through to the next stage of the bidding process, for co-development with Homes England. The co-development process will result in the submission of a business case to Homes England on 3rd December 2018.
- 2.5 In order to progress the business case much more detailed technical work is required on the infrastructure projects that make up the business case to support accelerated housing delivery. For the business case to be successful the council will need to ensure that the projects are feasible and deliverable within the parameters of the HIF programme.
- 2.6 To meet the HIF business case requirements, and the tight timescales involved, the Asset Management & Regeneration Service has undertaken a tender exercise through the Homes England Multi-Disciplinary Panel to secure an external organisation that can provide the specific technical services and advice needed to

inform the development of the HIF business case for submission on 3rd December 2018.

- 2.7 Through the tender exercise Leeds City Council sought to procure a very capable and professional partner to provide high quality, reliable and accurate technical information to work with the Council through the 'co-development' phase of the bidding process for the HIF and to provide the detail required to submit a comprehensive business case to government on 3rd December 2018, including design detail, costs and timescales for each geographical package of works, detailing individual interventions.
- 2.8 The technical service outputs required for this contract are to meet the requirements of the Homes England HIF business case process. The tender instructions required technical services and warranted studies to develop schemes in line with RIBA stages, ideally all to stage 1 with some to stage 2. There was an emphasis on RIBA design stages focusing on:
- Site Survey and analysis for all interventions in the geographical areas
 - Designs supported by survey analysis, including stage 1 check
 - Cost report and affordability for all interventions in the geographical areas
 - Phasing, Programming and deliverability¹
 - Costed risk assessment and mitigation

3.0 Main Issue

- 3.1 On 30th May 2018 fifteen external consultants who are members of the Homes England Multi-disciplinary Panel (OJEU notice number 2014/S 020-031462 dated 27 January 2014) were issued an Expression of Interest and sent an e-mail where the council outlined details of the procurement exercise. It was also an opportunity for the consultants to ask any questions they had about the proposed procurement.
- 3.2 Following response to the e-mail and Expression of Interest, a Sifting Brief was issued to the consultants via ProContract, Homes England's e-tendering system. The information included a brief setting out the background and the objective of the procurement which was that the Council wished to obtain a high quality, efficient, responsive and flexible technical services and advice to enable it to draw on national best practice and experience in technical disciplines to support the successful co-ordination and delivery of the HIF programme.
- 3.3 By the Sifting Brief deadline of 20th June 2018 six submissions were received.
- 3.4 The Sifting Brief evaluation shortlisted the six bid submissions to five consultants who scored sufficiently to be invited to tender for the HIF Technical Services and Advice commission via a mini-competition.
- 3.5 On Friday 22nd June 2018, detailed tender packs were issued to the five consultants via ProContract. The information included a brief setting out the background and a specification which set out the requirements of the company to be appointed. Bidders were asked to complete five method statement questions relevant to the specification.

¹ The Council will support on this, providing details of interdependencies and close working with the Highway Team.

- 3.6 Bidders were advised in the tender pack of the evaluation and scoring methodology, including a minimum quality threshold to meet (7/10) in each of the scored categories.
- 3.7 By the tender deadline on 18th July two compliant bids were received.
- 3.8 An evaluation panel was established comprising of representatives of Asset Management and Regeneration, Highways and Urban Design. The panel members assessed the submissions together and agreed a consensus scores.
- 3.9 In line with the Homes England Multi-disciplinary Panel Framework contract, the evaluation criteria were split with 50% of the marks allocated to quality and 50% allocated to price. The quality criteria were assessed with reference to the method statements submitted by bidders. Price was assessed with reference to submitted price pro-formas based on a total price for the two phase commission
- 3.10 The Quality evaluation panel did not have advance sight of prices submitted, which were separately recorded by the Council's Projects Programmes and Procurement Unit. The lowest priced tender received maximum points for price with the other bids scored pro-rata to this.
- 3.11 Following the evaluation stage there was a thorough review of the quality scores provided and the panel agreed that the scores were a fair reflection of the submissions. The combined price and quality evaluation proved the bidder with the highest score to be Atkins Ltd.

4 Corporate Considerations

4.1 Consultation and Engagement

- 4.1.1 The proposal to commission external technical advisors has been subject to consultation with the Director of City Development and the Head of Service in Regeneration. The Executive Member for Regeneration, Transport and Planning has also been consulted on the overall proposals for the HIF business case and is supportive of this scheme and progressing to business case submission. The PPPU & PU Compliance and Regulation Team have been consulted and provided legal advice on the use of this restricted procedure mini-competition procurement.

4.2 Equality and Diversity / Cohesion and Integration

- 4.2.1 The decision to proceed with the preferred bidder does not have any equality and diversity impacts.

4.3 Council policies and City Priorities

- 4.3.1 Ensuring the Council is supported by technical advice of the appropriate quality will be essential in bringing forward the HIF programme in a co-ordinated way. This fits squarely with the Council's Best Council Plan (BCP) Objective of Promoting Sustainable Economic Growth, through creating conditions to boost the local economy.
- 4.3.2 The procurement approach undertaken is in keeping with the BCP objective of becoming a more enterprising and efficient council. The Homes England Multi-disciplinary Panel Framework has been pre-procured through an EU compliant tender procedure and is available to use by Local Authorities. The Council has therefore

saved considerable time and resources in not needing to undertake a tailored procurement exercise.

4.4 Resources and value for money

- 4.4.1 The contract is to be awarded to the bidder that has demonstrated the best value for money bid considering both quality and price.
- 4.4.2 By procuring on the basis of an hourly rate fee for the commission the Council does not have a fixed price for the scope of work set out in the specification.
- 4.4.3 It was confirmed at the HIF Programme Board on 20th September that a budget for the business case development work has been identified and allocated from the Housing Infrastructure Fund budget (capital scheme 32995/000) of £450,000. The amount has been injected into the capital programme and funds are available to allocate spend against.
- 4.4.4 The budget will be carefully monitored to ensure that the contract is delivering against the requirements of the business case as greater detail emerges. The commission will be managed through a single instruction route and regular client-supplier meetings to ensure the ongoing cost of the advice remains within the Council's expectations and expected budget.
- 4.4.5 A 'capacity ask' request has been submitted to Homes England as part of the co-development phase. The cost for this commission have been included in the capacity request to support the submission of this business case. If successful the Council may be reimbursed for the costs for this work. However, if the Council were to wait until the outcome of this capacity ask was known, significant time would be lost in the programme, which would be likely to jeopardise the 3rd December submission date.
- 4.4.6 The contract award will be for an initial period up until 31st March 2019, with the possibility of two 12 month extensions to this, at all times subject to the Call-Off Terms and Conditions. The Council reserves the right to review contract performance and the scope for efficiency improvements and/or cost reductions in line with potential savings which the council has reason to believe would be achievable by retendering the contract and will jointly review this position with the appointed party after one year of service from the date of appointment.
- 4.4.7 Should the the consultancy services of Atkins Ltd be required for HIF Technical Services and Advice beyond the potential two and half year contract proposed in this report, then a further report at the appropriate time will be presented to consider options for retaining their services.
- 4.4.8 The appointment of Atkins Ltd through this procurement exercise will not commit the Council to any level of fees other than those incurred in response to detailed instructions. As such the Council will remain in control of expenditure through regular monitoring and client liaison. There is current budget provision to support this work; the continuation of the commission will be reviewed and the need for continued or additional budget provision in future years to cover work beyond the scope of this commission will be fed into departmental budget setting.

4.5 Legal Implications, Access to Information and Call In

- 4.5.1 The procurement has been conducted in accordance with the Council's contract procedure rules and the Public Procurement Regulations 2006.
- 4.5.2 The decisions recommended in this report are classed as Significant Operational Decisions and are therefore not eligible for call in.

4.6 Risk Management

- 4.6.1 The aim of the exercise and details of the project were presented to the bidders in advance. The evaluation process was conducted in the specified manner and has been robust. It is therefore perceived that the risk of a challenge being made by the unsuccessful bidder has been mitigated as far as possible.

5 Conclusions

- 5.1 The evaluation panel has concluded that the highest scoring tender in terms of quality and price is that of Atkins Ltd and that the contract should therefore be awarded to Atkins Ltd.

6 Recommendations

- 6.1 The Director of City Development is requested to:
 - i) To approve the award of the contract for HIF Technical Services and Advice to Atkins Ltd for an initial period up to 31st March 2019 following the issue of Award Decision Letters to candidates and Contract Award Notice in the OJEU and a 10 day procurement standstill period, with provision to extend for a further two twelve month periods subject to satisfactory performance and value for money considerations;
 - ii) Note that should the consultancy services of Atkins Ltd be required for HIF Technical Services and Advice beyond the potential two and half year contract proposed in this report, then a further report at the appropriate time will be presented to consider options for retaining their services;
 - iii) Note that the Head of Regeneration will implement these actions.

7. Background documents²

- 7.1 None.

² 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.