

Appointment of a Development Agent to Deliver Epping Forest
District Council's House Building Programme

Tender Report



JOHN BIGBY
HOUSING CONSULTANTS

1. Introduction

The Council resolved on 5th December 2011 to undertake a Council House Building Programme (HBP) for the first time since 1985.

The Council decided that it wanted to appoint a Development Agent (DA) to provide all the required development and project management services, including the provision of all building services, for this HBP.

The Council identified that the estimated contract value for the DA service would be in the region of £1.5 to £2.1 Million and so would need to be procured through the European Union Procurement legislation. The Council's Cabinet agreed that 5-7 organisations should be invited to submit detailed tenders, following a Pre-Qualification Questionnaire (PQQ) process.

On 5th December 2011, the Council's Cabinet resolved to appoint a consultant to oversee and co-ordinate the appointment and selection process for the Development Agent, and John Bigby Housing Consultants was subsequently appointed.

2. EU Procurement process

2.1 Expressions of Interest (EOI)

The contract was advertised in the European Journal on 12th January 2012 with EOIs to be registered with the Council by 2nd March 2012.

A total of 63 EOI were received by the 2nd March 2012 deadline.

2.2 Pre-Qualification Questionnaire (PQQ)

To evaluate the PQQs an Evaluation Criteria Matrix was produced and approved by the Council's Cabinet on 12th March 2012, together with the full PQQ document.

2.3 PQQ stage

On 13th March 2012 the Council's PQQ was issued to all 63 organisations who had registered an EOI, with a return date of 26th April 2012.

During the PQQ stage a number of organisations withdrew, mainly because they had identified from the PQQ that they did not meet the Council's criteria for the DA as defined within the PQQ.

A total of 13 completed PQQ were received by the 26th April 2012 deadline.

3. PQQ Outcome

The Moderation Panel concluded that the following top-ranked 6 organisations would be invited to tender (ITT).

- East Thames Group
- Orbit Homes (2010) Ltd

- Affinity Sutton Group
- Moat Group
- Mace Ltd
- Circle Group

All are housing associations except Mace Limited. A separate report on the process and outcome of the PQQ Stage was previously produced by John Bigby Housing Consultants.

4. Tender Stage

The six organisations selected at the PQQ stage were sent out Invitations to Tender on 27th July 2012 with a return date of 7th September 2012.

4.1 Selection Criteria

The Selection Criteria was approved by the Council's Cabinet on 23rd April 2012.

The basis of the contract award being on the most economically advantageous tender submitted.

The Council agreed that the selection would be based upon quality and cost. The qualitative part of the tenders submitted making up 60% of the overall evaluation with cost representing 40%.

4.2 Tenderer withdrawals

Two organisations withdrew during the tender period:

- Circle Housing Group on 4th September 2012. The reason given was 'internal considerations..... no reflection on process, tender....or Epping Forest Council'
- Moat Housing Group on 5th September 2012. The reason given was that Moat felt that, due to its commitments for its own programme with the Homes and Communities Agency (HCA), it would not be able to commit sufficient staff resources to the appointment to meet the Council's requirements and expectations.

4.3 Tender Queries

A number of queries were raised by tenderers during the Tender Period and responses were sent by John Bigby Housing Consultants, following consultation with Council officers where necessary. Where the responses could have been of interest or relevance to the other tenderers, they were advised of the response given too.

A list of questions raised and responses given is shown in the Schedule at **Appendix A**.

4.4 Tender Opening

The four organisations remaining in the process returned their tenders to the Council's Offices by the 12.00 midday on 7th September 2012 deadline.

The tenders were opened by the Council's Housing Portfolio Holder, Cllr David Stallan, on 12th September 2012 in the presence of Alan Hall, Director of Housing and Mark Jenkins, Democratic Services Officer.

4.5 Tender Evaluation

The Evaluation Panel consisted of:

Alan Hall-Director of Housing

Paul Pledger-Assistant Director of Housing (Property)

John Bigby-Development Consultant

The Evaluation Panel were each provided with a copy of the four tenderers' documents consisting of the Pricing Schedules and responses to the quality questions in the ITT.

4.6 Price Evaluation

4.6.1 Pricing Schedules

The tenderers were asked to complete a Pricing Schedule. This Schedule consisted of a set of fixed prices and percentages for the services required by the Council during the period of the contract, which tenderers then applied to estimated works costs and numbers of sites and development packages pre-determined by the Council for tender comparison purposes. This resulted in each tenderer submitting a (notional) Tender Sum, comprising a summation of the prices within their Pricing Schedule.

The Tender Sum submitted by each tenderer was, effectively, a notional price because it assumed a notional but realistic Housebuilding Programme over the six years of the Housebuilding Programme. The notional Tender Sum, however, allowed the following:

- A direct price comparison of the four tenderers' prices
- Fixed sums and percentages that would be contractually fixed during the term of the contract but applied to the actual Housebuilding Programme.

A summary of the Pricing Schedules received is shown at Appendix B.

The Pricing Schedules were checked for arithmetic accuracy by the Development Consultant.

The Pricing Schedules submitted by East Thames Group, Affinity Sutton Group and Orbit Homes (2010) Ltd were determined as arithmetically correct.

The Pricing Schedule submitted by Mace Limited, however, had two errors:

- Feasibility cost element-The price submitted by Mace Ltd was made up of a combination of a fixed price element and a percentage element per site. This was contrary to the tender instructions which stipulated a fixed price per site only.
- Planning cost element- There was an arithmetical error in this element. The total cost submitted was £2,000,000 but, based upon the 4% fee submitted by Mace Ltd, should have been £1,000,000.

Mace Ltd was made aware of these two issues and responded by standing by the total price shown in their tender and stating that the fee should have been 8% not 4%.

It was agreed that the anomaly about the feasibility element would be discussed and clarified at the interview stage.

4.6.2 Price Evaluation

The Tender Sums received were:

East Thames Group:	£1,582,500
Orbit Homes (2010) Ltd:	£1,622,000
Affinity Sutton Group:	£2,062,000
Mace Ltd:	£4,077,000

The lowest tenderer received, East Thames Group, was awarded the maximum score of 40, with the remaining three tenderers receiving a proportion of 40 in relation to their Tender Sum when compared with East Thames Group.

The Final Price scores awarded were:

East Thames Group:	40.0
Orbit Homes (2010) Ltd:	39.0
Affinity Sutton Group:	30.7
Mace Ltd:	15.5

4.7 Quality Evaluation

The three members of the Evaluation Panel independently scored seven out of the eight responses to the quality targeted questions from each tenderer. The areas assessed were as follows:

Area Assessed	Weighting (%)
Approach to Development Strategy	5.0 %
Approach to achieving HCA Development Status for the Council	7.5 %
The Development Team – Including leadership, composition of the Team, experience/competency, business continuity etc.	10.0 %
Approach to communication / relationship management with the Council	5.0 %
Approach to risk management	5.0 %
Approach to the project delivery	12.5 %
Approach to programme management	5.0 %
Presentation	10.0 %
Total	60.0 %

The Evaluation Panel members also recorded their own notes on their reasoning for their scores. The assessments were based on a score of 0-5, as follows:

Classification	Score
Exceptional - meets and exceeds all the requirements	5
Very good - meets all of the requirements	4
Good - meets most of the requirements	3
Poor - meets some of the requirements	2
Very poor - meets only a very few of the requirements	1
Unacceptable - meets none of the requirements / no information provided	0

The score for Question Eight would be the score arising from the Presentation to the Selection Panel, later in the evaluation process.

4.7.1 Moderation

On 26th October 2012 the Evaluation Panel members met to compare and to discuss their individual scoring of the four tenderers' responses to the seven questions.

In the majority of cases the scores given by the three evaluators were consistent. Where the evaluators' scores were less consistent the reasons for the scores awarded were discussed in detail.

A provisional moderated unified score was then awarded for all questions for all tenderers. The scores at this stage were subject to review at the interview stage.

4.7.2 Interviews

The interview was not a scored exercise but an opportunity to better understand the tenders received and to clarify any issues that were not clear.

The Evaluation Panel interviewed all four tenderers on the afternoon of the 26th October 2012.

The interviews were for around 45 minutes each and consisted of 5 questions asked of all tenderers and specific questions to individual tenderers arising from the moderation process earlier that day.

Following the interviews, the Evaluation Panel reviewed the provisional moderated scores agreed earlier that day and agreed final quality scores as a result. The Panel agreed only one score change as a result of the interviews- Affinity Sutton Group's Score was increased from 3 to 4 for Question 1 (production of the Development Strategy).

Mace Ltd clarified their price for the Feasibility Stage element of their price and confirmed that their submitted cost would be £17,700 per site feasibility, although they stated that this price may be able to be reduced for some sites in practice, where it was evident at an early stage that a site had no development potential.

4.7.3 Presentations

The presentations were held on 8th November 2012 and made to the Selection Panel previously appointed by the Council's Cabinet. The scores represented a maximum of 10% of the overall tender score.

The presentation subject given in advance to the tenderers was:

'Explain your action plan for the first 100 days following your appointment as the Council's Development Agent'

The Selection Panel, previously appointed by the Council's Cabinet, consisted of:

Councillor David Stallan-Housing Portfolio Holder

Councillor Stephen Murray-Chairman of the Council's Housing Scrutiny Panel

Alan Hall-Director of Housing

Paul Pledger-Assistant Director of Housing (Property)

John Bigby –Development Consultant

4.7.4 Quality Scores

The detailed scores for each of the tenderers' responses to the seven questions and the Selection Panel's scores for the Presentations are shown in **Appendix C**, and are summarised below:

East Thames Group: 49.5

Orbit Homes (2010) Ltd: 44.5

Affinity Sutton Group: 38.5

Mace Ltd: 42.5

4.8 Final Scores

The scores derived from the price and quality parts of the tender process are also shown in Appendix C.

The total scores awarded at the end of the tender evaluation process were as follows:

Affinity Sutton Group: 69.2

East Thames Group: 89.5

Mace Ltd: 58.0

Orbit Homes (2010) Ltd: 83.5

4.9 Selection Panel's Recommendation to the Council's Cabinet

Following receipt of the four presentations, the Selection Panel reviewed the price and quality scores assessed by the Evaluation Panel for each tenderer. As a result, the Selection Panel agreed to recommend to the Council's Cabinet that East Thames Group be appointed as the Council's Development Agent, having provided the most economically advantageous tender assessed in accordance with the Council's pre-determined Selection Criteria, and that Orbit Homes (2010) Ltd be selected as the reserve preferred tenderer, in the event of the Council being unable to enter into a contract with East Thames Group for some reason.

John Bigby

12th November 2012

Questions and Answers during the tender period

Date of response	Question	Answer
8 th August 2012	<ol style="list-style-type: none"> <li data-bbox="432 408 1337 687">1. Section 4.2- Service requirements of the DA, states that one of the main requirements of the DA will be to 'procure works contracts in accordance with the Council's Contract Standing Orders'. Please can you confirm with the Council that their Standing Orders will allow them to use our consultants, contractors etc. off of our Framework? We have acted as DA for numerous other organisations and the last LA we worked for had difficulty with this which prolonged the procurement process. <li data-bbox="432 951 1337 1015">2. Please can you request a copy of the job description for the part-time Housing Development Officer as described in section 4.2.3? <li data-bbox="432 1054 1337 1264">3. Section 4.3.4 Project Management – states that 'The Council requires that a 30 year Financial Appraisal is provided for each site that has development potential for Affordable housing'. Please can you check with EFDC whether they have already established what their key assumptions will be for appraisal? For example management cost, maintenance, voids and inflation? 	<ol style="list-style-type: none"> <li data-bbox="1368 408 1966 871">1. Since the Development Agent is to provide the suite of professional services as defined in the OJEU notice, using an existing framework will be fine, so long as we have the collateral warranty in place. The SLA covers this point. However, we cannot make use of the "Contractors Framework". Our OJEU Notice was advertised as a "Services" Contract and not a mixed contract including Works. That means a separate tender exercise will need to be undertaken by the appointed Development Agent on behalf of the Council to comply with our Contract Standing Orders as part of their appointment. <li data-bbox="1368 911 1536 943">2. JD attached <li data-bbox="1368 1023 1899 1086">3. No, the Council has not yet developed the assumptions.

9 th August 2012	Para 4.4.4 of the ITT. It is assumed that the 5 th paragraph of 4.4.4 should read" it is unlikely the council will appeal any planning refusals Please confirm this is correct.	Yes that is correct. The sentence should have read. "It is unlikely that the Council will appeal any planning refusals" . Apologies for any confusion.
13 th August 2012	By rights the alcatel period should start directly after contract notification and not 2 weeks later. Can this be looked at please?	The alcatel period is an EU term and relates to a period of time during which any un-successful bidders may lodge a formal appeal to appoint. During this period, we "Stand Still", i.e. we do not enter into a contract with the successful Development Agent until the Alcatel Period expires.

EFDC Development Agent Tender Return: Price

ASSUMPTIONS	Sites/Packages	Works Value
Feasibility	60	N/A
Planning	50	£500,000
Post Planning	6	£2,500,000
Dev. Strategy	1	N/A
HCA Partner	1	N/A

TENDERS	Pre Tender Est.	Affinity	E Thames	Mace	Orbit
Feasibility	£500	£1,500	£1,375	£17,700	£650
Planning	5.000%	5.196%	2.196%	8.000%	4.400%
Post Planning	5.000%	4.320%	6.300%	4.600%	3.200%
Dev. Strategy	£2,000	£15,000	£3,000	£250,000	£3,000
HCA Partner	£2,000	£10,000	£3,000	£75,000	£0

RESULTS	Pre Tender Est.	Affinity	E Thames	Mace	Orbit
Feasibility	£30,000	£90,000	£82,500	£1,062,000	£39,000
Planning	£1,250,000	£1,299,000	£549,000	£2,000,000	£1,100,000
Post Planning	£750,000	£648,000	£945,000	£690,000	£480,000
Dev. Strategy	£2,000	£15,000	£3,000	£250,000	£3,000
HCA Partner	£2,000	£10,000	£3,000	£75,000	£0
TENDER PRICE	£2,034,000	£2,062,000	£1,582,500	£4,077,000	£1,622,000

EFDC Development Agent Tender Return: Overall Scores (Price and Quality)

Price

Tenderer	Tender Price	Calculation	Price Score
East Thames	£ 1,582,500	Maximum Score	40.0
Orbit	£ 1,622,000	1582.5/1622x40	39.0
Affinity Sutton	£ 2,062,000	1582.5/2062x40	30.7
Mace	£ 4,077,000	1582.5/4077x40	15.5

	Q1-5%	Q2-7.5%	Q3-10%	Q4-5%	Q5-5%	Q6-12.5%	Q7-5%	Q8-10%
Quality (Actual)	Devt. Strategy	HCA Partner	Team/Leadership	Communication	Risk Management	Project Delivery	Programme Mgt.	Presentation
East Thames	5	5	4	4	3	4	4	4
Orbit	3	3	4	4	3	4	4	4
Affinity Sutton	4	4	4	2	3	3	2	3
Mace	4	3	4	4	4	4	4	2

	Q1	Q2	Q3	Q4	Q5	Q6	Q7	Q8	Total Quality Score
Quality (Weighted)	Devt. Strategy	HCA Partner	Team/Leadership	Communication	Risk Management	Project Delivery	Programme Mgt.	Presentation	
East Thames	5	7.5	8	4	3	10	4	8	49.5
Orbit	3	4.5	8	4	3	10	4	8	44.5
Affinity Sutton	4	6	8	2	3	7.5	2	6	38.5
Mace	4	4.5	8	4	4	10	4	4	42.5

Total Tender Score	
East Thames	89.5
Orbit	83.5
Affinity Sutton	69.2
Mace	58.0