



Derby City Council

CORPORATE SCRUTINY AND CLIMATE CHANGE BOARD

Date 20th May 2013

Report of the Chief Executive

ITEM 8

Osmaston Vision - Developer Partner Procurement

SUMMARY

- 1.1 Derby City Council are seeking a Developer Partner, with whom to create a public / private Joint Venture vehicle to deliver a programme of regeneration across 22 acres in Osmaston.
- 1.2 Cabinet Approval to proceed with the process to procure the Developer Partner was granted on 22nd November 2011.
- 1.3 An OJEU competitive dialogue tender process was launched on 19th March 2012 by issue of a notice.

From an initial response to the PQQ by six Tenderers, four were selected to proceed to the Dialogue stage. Two of these Tenderers withdrew during the dialogue phase, and one failed to submit a Final Submission.

A compliant tender has been submitted by Keepmoat Ltd, and this tender is being fully evaluated following the processes outlined in the tender documentation.

- 1.4 Expectations for the standard of the submission have been set high. Providing the scoring of the Tender achieves a standard which is acceptable in all respects, Cabinet Approval will be sought on 10th July 2013 to proceed with the appointment of Keepmoat as Developer Partner and the creation of the Joint Venture Vehicle.

PROJECT OVERVIEW

- 2.1 The regeneration of Osmaston is a key priority for the Council and is supported through Cabinet Approval.

- 2.2 The Osmaston Vision Project brings together a number of key stakeholders including the Council, Derby Homes, the local community, Rolls Royce, local businesses, and health service providers to deliver a range of physical and economic improvements to the area, including:
- The development of 30 acres of vacant Rolls Royce land for residential and commercial uses following their relocation to new premises in Sinfn.
 - The refurbishment and improvement of Osmaston Primary School.
 - The refurbishment and improvement of the historic and iconic grade 2 listed Marble Hall, to be brought back into use as a community facility.
- Improvements to connectivity across Osmaston, linking the area with the wider south Derby area.
- Programmes to tackle fuel poverty and improve energy efficiency.
- Tackling worklessness through the creation and support of training and job opportunities suitable for local people
- 2.3 The local Community is represented by the Osmaston Community Association of Residents (OSCAR). The valuable contribution to the Regeneration which is made by OSCAR is well known, but in relation to the procurement of the Developer Partner, OSCAR members are actively involved though holding 2 seats on the Evaluation Team, and they will go on to hold 2 seats on the Steering Group which will monitor the activities of the Joint Venture Vehicle.
- 2.4 Approval to procure a Developer Partner via an OJEU complaint open tender process and create a Joint Venture Vehicle was approved by Cabinet on 22nd November 2011.

The purpose of the Joint Venture Vehicle is to deliver the regeneration programme across Osmaston, giving a long term commitment to physical and economic improvement, whilst giving greater protection to the Council through sharing of risk.

PROCUREMENT UPDATE

- 4.1 OJEU competitive dialogue tender was selected as the procurement method for this Contract due to the size, complexity and longevity of the proposed arrangement.
- 4.2 Soft market testing in 2011 indicated a good level of Developer support for the project.

- 4.3 The procurement has used the following process:
- Issuing a Pre Qualification Questionnaire through OJEU notice
 - The PQQ submissions are formally scored and the top 3 tenderers who achieve a desired level proceed to the Invitation to Participate in a Dialogue (ITPD) phase.
 - Dialogue meetings held, divided into the two key areas of the submission requirements: Design, methodology and programme (DMP) and Commercial, finance/funding and contract (CFC).
 - Interim submissions made to ensure the tenderers understand, and are willing to comply with, the requirements of the process, and the aspirations of the project.
 - Further clarification meetings held.
 - Invitations to Submit Final Bids (ITSFB) documentation released at a stage when Tenderers reach an appropriate stage
 - Final Bids are initially assessed.
 - Tenderers hold public exhibitions
 - Interviews take place
 - Legal and financial clarification meetings take place
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- Evaluation team carries out final evaluation and preferred partner notified.
 - In line with OJEU requirements, then follows a 10 day stand still period before further discussion can take place.
 - Cabinet Approval
 - Contract finalisation then commences
 - After appointment of the Developer Partner, OSCAR representatives will transfer to the JV Steering Group.

4.4 Membership of Evaluation Team

Greg Jennings	Regeneration Projects DCC
Neil Johnson	Regeneration Projects DCC
Rachel Collins	Regeneration Projects DCC
Ian Fullagar	Housing Strategy DCC
Jonathan Pheasant	Planning Policy DCC
Anthony Slater	OSCAR
Anne Turnbull	OSCAR
Stephen Pearson	Freeth Cartwright (solicitors)

Derby Homes do not have representation on the Evaluation Team as this would have prevented them from speaking with Developers in relation to being their preferred partner for the acquisition of any Affordable Housing.

- 4.4 As part of the transfer of their sites to the council, Rolls Royce have agreed to provide a fixed sum to cover the cost of remediation of the site. This cost must be agreed prior to the transfer of the sites and the creation of the JV. The cost will be agreed through collaborative working between the Council, the proposed Developer Partner and Rolls Royce.
- 4.5 Alongside this process, the Developer will be preparing and then submitting a full planning application for the whole Main Works site in order that remediation can commence as soon as transfer of the sites takes place.

PROGRAMME UPDATE

- 5.1 Details of key dates in the procurement process are included in Appendix 1.

A summary of these key dates is as follows:

Date	Action
22 nd November 2011	Cabinet Approval to proceed with procurement
19 th March 2012	Issue of PQQ
25 th June 2013	Notification of results of PQQ.
17 th July 2012	Issue of Dialogue documents to 4 selected parties
19 th July – 16 th October 2012	Dialogue Meetings with selected parties
16 th November 2012	Final Dialogue Documentation assessment
9 th January– 1 st February 2013	Clarification meetings with selected parties
15 th February 2013	Issue of invitation to submit final bids.
29 th March 2013	Deadline for receipt of Final Bids
12 th April 2013	Public Developer Exhibitions
15 th April 2013	Developer presentations and Interviews
23 rd April 2013	Assessment of Bids by Evaluation Team
24 th April 2013	Legal Clarification Meeting
13 th May 2013	Financial analysis complete
16 th May 2013	Evaluation Team meeting to carry out final scoring
20 th May 2013	Notification of proposed preferred developer
20 th May – 3 rd June 2013	10 day standstill period
10 th July 2013	Cabinet Approval sought to proceed with appointment
July 2013 – December 2013	Contract finalisation with preferred developer
July 2013 – November 2013	Formulation of remediation strategy and estimate of costs.
November 2013	Submission of Planning application
January 2014	Execution of Agreements
January 2014	Completion - initial members meeting

- 5.2 The programme has been extended several times during the course of the procurement by the inclusion of additional dialogue and clarification meetings. This was necessary in order to enable further clarification to be sought by both DCC and the Bidders, to include additional meetings with Planners and CYP, and to ensure that DCC requirements would be met by Tenderers in their submissions.

This report has been approved by the following officers:

Legal officer Financial officer Human Resources officer Estates/Property officer Service Director(s) Other(s)	
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For more information contact: Background papers: List of appendices:	Rachel Collins 01332 641616 rachel.collins@derby.gov.uk Council Cabinet Paper - 22 nd November 2011 - Osmaston Regeneration Appendix 1 – Procurement Timeline
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Appendix 1

OSMASTON REGENERATION AREA DEVELOPER PARTNER PROCUREMENT

Date	Action	Notes																					
22 nd November 2011	Cabinet Approval to proceed with procurement																						
19 th March 2012	Issue of PQQ	Via publication of OJEU Notice 113954-2012-EN																					
11 th May 2012	Deadline for receipt of PQQ	Tenders received from : Barratt Urban Regeneration Ignite Homes Keepmoat Ltd Morgan Sindall Investments Ltd Persimmon Homes Sigma Inpartnership Ltd																					
22 nd June 2012	Final Scoring of tenders signed off and issued	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Bidder</th> <th style="text-align: left;">Score</th> <th style="text-align: left;">Position</th> </tr> </thead> <tbody> <tr> <td>Barratt Urban Regeneration</td> <td>80</td> <td>3</td> </tr> <tr> <td>Ignite Homes</td> <td>62</td> <td>5</td> </tr> <tr> <td>Keepmoat Ltd</td> <td>84</td> <td>2</td> </tr> <tr> <td>Morgan Sindall Investments Ltd</td> <td>93</td> <td>1</td> </tr> <tr> <td>Persimmon Homes</td> <td>79</td> <td>4</td> </tr> <tr> <td>Sigma Inpartnership Ltd</td> <td>56</td> <td>6</td> </tr> </tbody> </table>	Bidder	Score	Position	Barratt Urban Regeneration	80	3	Ignite Homes	62	5	Keepmoat Ltd	84	2	Morgan Sindall Investments Ltd	93	1	Persimmon Homes	79	4	Sigma Inpartnership Ltd	56	6
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25 th June 2013	Letters issued to tenders notifying them of outcome.	The tenders received from Barratts and Persimmon were only 1 point apart. Therefore, a decision was taken to exceed the number of tenderers invited to proceed to the next round from 3 to the highest scoring 4 tenders.																					
17 th July 2012	Issue of Dialogue documents to selected parties	Documents issued to : Morgan Sindall Investments Ltd Keepmoat Ltd Barratt Urban Regeneration Persimmon Homes																					
19 th July 2012	Dialogue Meetings with selected parties	Initial Briefing with all parties.																					
24 th July 2012	Persimmon withdraw from the process	Reasons for withdrawal – unable to commit staff resources to the tender process, and																					

Date	Action	Notes
		complexity of JV structure.
27 th July 2012	Barratts withdraw from the process	Reasons for withdrawal – unable to commit staff resources to the tender process.
31 st July 2012	Dialogue Meetings with selected parties	Design, methodology and programme (DMP)
1 st August 2012	Additional Dialogue Meeting	Education – School Provision
3 rd August 2012	Additional Dialogue Meeting	Education – School Provision
7 th August 2012	Dialogue Meetings with selected parties	Commercial, finance/funding and contract (CFC)
10 th August 2012	Dialogue Meetings with selected parties	Commercial, finance/funding and contract (CFC)
4 th September 2012	Dialogue Meetings with selected parties	Commercial, finance/funding and contract (CFC)
7 th September 2012	Additional Dialogue Meeting	Planning
18 th September 2012	Dialogue Meetings with selected parties	Design, methodology and programme (DMP)
16 th October 2012	Dialogue Meetings with selected parties	Commercial, finance/funding and contract (CFC)
9 th November 2012	Deadline for receipt of final dialogue documentation	Documentation received from Keepmoat and Morgan Sindall.
16 th November 2012	Final Dialogue Documentation assessment by Evaluation Team.	These submissions were for information only, and not scored. The submission made by Keepmoat was of higher quality and complied more closely with our requirements.
9th January 2013	Further meetings to clarify content of dialogue submissions prior to ITSFB	Attended by both Tenderers.
1 st February 2013	Meetings to clarify content of ITSFB. Close of dialogue. Deadline for all responses to further clarification.	Attended by both Tenderers.
15 th February 2013	Issue of ITSFB.	Documents issued to Keepmoat and Morgan Sindall.
29 th March 2013	Deadline for receipt of Final Bids	Compliant bid received from Keepmoat. No submission received from Morgan Sindall.
12 th April 2013	Public Developer Exhibitions	Exhibition by Keepmoat at OSCAR HQ.
15 th April 2013	Developer presentations and Interviews	Attended by Keepmoat. Interview panel consisted of representatives of all teams on the Evaluation Panel.
23 rd April 2013	Assessment of Bids by Evaluation Team	Attended by Evaluation Panel. Scoring completed on “Development Quality and Functionality”, Sustainability of Development Proposal” and “Project Delivery” sections.

Date	Action	Notes
24 th April 2013	Legal Clarification Meeting	Meeting attended by DCC and Keepmoat with legal representation for both parties. Discussions regarding structure of the JV and operation of the vehicle.
13 th May 2013	Financial analysis complete	Independent analysis by Pick Everard
16 th May 2013	Evaluation Team meeting to carry out final scoring	Analysis and scoring of "Financial Proposal" and "Legal Structure" sections. Final overall scoring.
20 th May 2013	Notification of proposed preferred developer	Notification to be issued only if no sections across the entire evaluation have been scored 1/5, and also if satisfactory responses have been given to any clarification requests where sections have been scored 3/5 or below.
20 th May – 3 rd June 2013	10 day standstill period	As required by OJEU regulations.
10 th July 2013	Confirmation of preferred developer - approved via DCC Cabinet	
July 2013 – December 2013	Contract finalisation with preferred developer	
July 2013 – November 2013	Formulation of remediation strategy and estimate of costs.	Developer Partner to work up remediation strategy and costs alongside DCC and Rolls Royce.
November 2013	Submission of Planning application	Full application for the Main works site, with applications for subsequent sites to follow.
January 2014	Execution of Members Agreement and Developers Agreement	
January 2014	Completion - initial members meeting	