

## **HEREFORDSHIRE DEVELOPMENT & REGENERATION PROGRAMME**

### **Market Consultation Summary**

First, the council would like to thank all parties for their interest in the market consultation for the proposed development and regeneration programme ('the programme'). In particular, the council would like to thank those organisations which returned a questionnaire and / or attended a consultation meeting ('contributors'). Comments received were much appreciated and will be considered within the council's ongoing review of how best to achieve its development and regeneration objectives.

#### **Feedback on the extent of responses received**

The market consultation was advertised via Procontract and the European Journal. Response numbers exceeded expectations as the number of potential providers capable of fulfilling the council's requirements is relatively small and specialised. 37 expressions of interest were received; 14 questionnaires submitted and 12 consultation meetings were held.

A cross section of organisations completed questionnaires, with 3 being received from small to medium enterprises. Publicity attracted national interest with 2 responses from organisations based in Herefordshire.

Overall a sufficient number of organisations expressed an interest in the opportunity to satisfy the council that sufficient bidders would tender should procurement be undertaken. Herefordshire was generally seen by contributors as an area with the potential for significant economic growth.

However despite this interest it is important to note that the development market is currently buoyant and bidders have limited resources with which to tender for contracts. On this basis the council is mindful of the need to structure the procurement so that the opportunity is viewed favourably by potential bidders at time when they may have many opportunities to select from: in other words that potential bidders 'Choose Herefordshire'.

#### **Feedback received on the options for programme strategy and scope**

Generally the outline programme scope was thought well-formed and enabling of the achievement of the council's development and regeneration objectives.

The vast majority of contributors (79%) expressed their ability and willingness to be flexible to meet any and all of the council's requirements and indeed, were also capable of offering works and services in addition to the scope outlined within the market consultation.

Further, all contributors stressed that their interest was heightened by the prospect of securing a long term partnership with the council. The majority of contributors also emphasised that the potential development and regeneration benefits would be maximised if the programme was delivered in the context of such a long term relationship.

Whilst the development of housing in Hereford city centre was recognised as the 'anchor' for the programme, the ability to encompass development sites across Herefordshire generally piqued contributor interest due to the increased development potential. This acknowledges the ability of a county wide programme to meet a greater spectrum of housing needs and deliver more extensive regeneration opportunities through a strategic approach.

The inclusion of affordable housing for rent and private homes for sale were considered significant factors by the majority of contributors (71%). Building homes for private sale was considered essential to maximise financial returns for the council. The importance of building affordable housing for rent was seen as central to the creation of 'balanced communities' which will meet Herefordshire's housing needs and support regeneration.

The potential to include community and commercial buildings were also considered to enhance prospects by broadly the majority of contributors. (managed facilities e.g. extra care

housing and student accommodation by 86%; community hubs by 49%; commercial facilities by 57% and district heating by 57% of contributors).

Such facilities were seen as important (beyond their commercial potential to provide ongoing revenue streams for the council) via their diverse functions in supplying infrastructure and amenities; the creation of community cohesion and providing a regeneration platform for the growth of local businesses. However, the inclusion of a more expansive scope to include such aspects as district heating, managed, community and commercial facilities would dissuade some specialised providers (up to 22% of contributors), who would only wish to focus on specific aspects of development such as the provision of finance or house building. Indeed, the council recognises that whilst specialist provision will need to be a feature of the supply base that this is likely to be provided in the context of an overall strategic programme, rather than commissioning via a separate procurement for every project, (however some stand-alone procurements may be conducted).

The inclusion of a requirement for the provision (or sourcing) of funding was seen as enhancing the programme (in particular by speeding up delivery) by 86% of contributors.

All contributors viewed a programme approach as significant in terms of providing strategic integration in terms of planning and the phasing of developments, as well as bringing financial and delivery benefits. 58% of contributors welcomed the potential to maximise these benefits if the delivery vehicle could also be used by other contracting authorities and partners, (with the remaining 42% being neutral about the benefits of this). Additionally, sufficient flexibility and scope was requested to be built into any commercial arrangement, in order to more easily cope with any changing requirements

Whilst most contributors viewed a joint venture delivery model as enhancing the attractiveness of the opportunity (86%); delivery via a commissioned approach was also viewed as attractive by 57% with 29% being neutral. (The most frequent reason stated for neutrality being because the proposed terms of the commissioned approach are not yet known). Whilst 14% of contributors would be dissuaded by the use of the partnership model, a further 14% sited it as the most suitable model for the council.

Contributors varied in terms of their views of the benefits of these two models: generally there were no consistent benefits identified by one model over another as contributors often emphasised the same pros and cons for each model. The conclusion drawn is that it is possible to achieve similar benefits from either model providing it reflects the council's position in terms of risk sharing; speed of return; governance and control.

### **Feedback received on the proposed tendering process**

Mindful of the fact that bidders need to be assured that the tendering process will request the investment of their time and resources prudently, the council is committed to ensuring that the procurement is well structured; transparent and efficient.

Transparency within the procurement process will be maximised to support bidders in the completion of a compliant tender which showcases their capabilities. Specific marking guidance will be provided for each question and maximum (but realistic) word counts will be adopted for answers. A full written debrief will be provided to bidders along with the opportunity for face to face debrief meetings.

The council will use the ProContract eTendering system to minimise the administrative burden of tender submission. Bidders can register their details via the link below:

<https://www.supplyingthesouthwest.org.uk>

The PQQ will follow the standard Crown Commercial Services (CCS) qualification question set. (However additional weighted questions will be included to allow for the short listing of bidders and the qualification questions may be adapted slightly as a result). The questions posed will focus on assessment of the individual circumstances of bidders (rather than the application of pass / fail criteria), to reduce barriers to participation. The standard CCS qualification question set can be viewed via the link below:

<https://www.gov.uk/government/publications/public-contracts-regulations-2015-requirements-on-pre-qualification-questionnaires>

The use of the competitive dialogue process was broadly welcomed, enhancing interest for 64% of contributors (the remaining 36% being neutral about its usage). Positivity in respect of competitive dialogue centred on its capability to co-develop solutions; encourage innovation; increase understanding and underpin the development of effective relationships.

The procurement timetable was seen as challenging but achievable, providing the procurement remained focused on the key issues. Some concerns were expressed around the length of time available for bidder responses and cost implications if very detailed design proposals were required to be submitted (35% of contributors). Considering these responses, the council is likely to request 2 sample schemes from bidders, but on the basis that these designs will not require progression beyond outline stages.

The amount of time that could be made available for dialogue between the council and bidders was also a point of concern for 28% of contributors. On this basis, the council has allowed for an additional dialogue session at the detailed solution stage and further dialogue time can also be accommodated via teleconferencing facilities. Dialogue is also not planned to take place during the months of July and August (as this was not a popular prospect for many contributors).

Contributors identified that a material factor in making sure that the time is used wisely is the number of bidders invited by the council to participate in the process (28%): as too many bidders can stretch council resources; limit the time available for dialogue and detrimentally affect bidder's assessment of their prospects of success. However, whilst considering these concerns, it remains the council's intention to invite 4 bidders to participate in dialogue, as otherwise the potential for bidder drop out and / or non-submission may leave the process disproportionately exposed to the risk of insufficient competition during the final stages.

Contributors also stressed that the council must ensure to sufficiently refine its requirements prior to advertising, so as to enable potential bidders to determine whether the opportunity is for them and likewise enabling the council to attract and identify the bidders with the right capabilities and commitment to the programme.

Plus to ensure that effective progress is made, contributors also emphasised the need to provide key information such as confirmed development sites (including feasibility information) and details of the proposed delivery vehicle and contract model at an early stage. Early engagement with council officers (in particular to understand planning requirements) was also considered essential by many contributors and this has been accommodated within the process.

Overall however, the procurement process and timetable proposed by the council was considered by contributors to be viable; balanced and realistic, with 86% of contributors considering that a planning submission was feasible prior to April 2017 (the remaining 14% being undecided rather than negative).

Once again the Council would like to express its thanks for your interest in the market consultation. An options appraisal has been prepared to seek approval for the most appropriate commissioning route. Further updates will be provided on the programme's internet page (which is currently in development).

Please send any comments in respect of this feedback to:

[procurement@herefordshire.gov.uk](mailto:procurement@herefordshire.gov.uk)