

HINCKLEY & BOSWORTH BOROUGH COUNCIL AND NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

INVITATION TO QUOTE

for

INCREASING THE SUPPLY OF NEW COUNCIL HOUSING

**MAY 2019**

1. **INTRODUCTION**

Following a successful bid for LGA grant funding, Hinckley and Bosworth Borough Council and North West Leicestershire District Council are seeking to commission suitably skilled and experienced consultants to prepare an evidence base to shape the delivery programme for new council homes in the two local authority areas. Both Councils retain their own housing stock and funding for council housing is ringfenced through the Housing Revenue Account.

Both local authorities are keen to take advantage of the opportunities to deliver a more ambitious new council homes programme given by the lifting of the borrowing cap, and other funding sources, including retained one for one receipts under the right To Buy scheme. However in order to obtain best value, each local authority would wish to model a programme which gives optimum returns for its’ investment in the way of numbers and types of units delivered to best meet the identified need in its area.

Additionally we are looking for the selected consultant to develop a “toolkit” approach to site development appraisal, which could potentially be shared more widely across the sector.

In summary, the piece of work will address the following 4 key themes

* What can we build/acquire? (Introduce land constraints etc).
* What could we afford to build with no land site constraints? (Funding)
* How should we build it? (MMC v Traditional, design and space standards).
* How should we assess future schemes? (Toolkit)
1. **BACKGROUND**

**HINCKLEY AND BOSWORTH CONTEXT**

The Borough of Hinckley and Bosworth extends over a largely rural area of some 297 square kilometres in the County of Leicestershire, from west of the city of Leicester to the border with the county of Warwickshire, which is also the border between the East and West Midlands regions.

The main urban area – Hinckley and the adjoining parishes of Barwell, Earl Shilton and Burbage – is at the southern tip of the Borough and is home to around 61% of the borough’s total population. A further 19% live in the north eastern parishes close to the City of Leicester (Groby, Markfield, Ratby and Desford.) The remaining 20% live in 17 rural parishes, only one of which has a population of more than 3000. In the north eastern area of the district there is a former mining area falling within the coalfields priority area.

Strategic transport links abound as the M1 to the east and north, and the M69 to the south east, intersect, and have junctions in, the borough. The A5 and the M42/A42 enclose the south western and the north western sides respectively. The Earl Shilton bypass has improved the links between the west of the Borough and the city of Leicester, and reduced congestion in Earl Shilton. There is a railway station at Hinckley with services to Leicester, London and Birmingham.

The population of the Borough is around 105,000 and has a very low minority ethnic population of approximately 2.1% of the total population. There is no dominant group within the BME population which includes Asian, Indian, African Caribbean and Chinese people as well as Gypsies and Travellers. The borough has the highest proportion of people aged 60+ in Leicester and Leicestershire (25.9%), and this is above the average for England as a whole (22.4%)

**NORTH WEST LEICESTERSHIRE CONTEXT**

North West Leicestershire district, as the name suggests, comprises the north-west part of the county of Leicestershire and is a mainly rural district, covering 27,900 hectares (108 square miles). The district shares borders with the counties of Derbyshire, Nottinghamshire, Staffordshire and Warwickshire.

The district is close to, and has excellent road access with four major cities - Birmingham, Derby, Leicester and Nottingham - using the motorway network (M1 north/south and M42 south-west/north-east). However, there are no passenger rail services in the district. In the north of the district is the East Midlands Airport (EMA)

Most of the southern part of the district lies within the National Forest which spans three counties in the centre of England - Derbyshire, Leicestershire and Staffordshire, whilst the upland area of the Charnwood Forest lies in the south-east corner.

The population of the district was about 93,500 as at the 2011 Census. The principal town is Coalville and the other main settlements are Ashby de la Zouch, Castle Donington, Ibstock, Kegworth and Measham.

Population

There were 93,468 people as at the 2011 Census, a growth of about 9,000 from the 2001 Census. The population is ageing with a rapid increase in the number of residents aged 40-49 and 60-69 in the last 10 years, whilst the number of 25-39 year olds has decreased. According to the 2011 Census the largest population was in Coalville (36,801 people) followed by Ashby-de-la-Zouch (12,385), Castle Donington (6,350), Ibstock (5,961), Measham (5,200) and Kegworth (3,541). There are high concentrations of working age people in Coalville and Castle Donington, whilst older people are concentrated in the Measham/Appleby Magna area and younger people in Ashby de la Zouch and Ellistown. The district is the 200th most deprived local authority in England (out of 354) but it is the most deprived in Leicestershire (excluding Leicester City) with pockets of deprivation concentrated in Coalville, Greenhill, Ibstock, Measham, Moira, Ashby and Castle Donington.

A Housing and Economic Needs Assessment (HEDNA) was published in 2017 which assessed the needs of the Housing Market Area of Leicester and Leicestershire, and set out high level information for Hinckley and Bosworth and North West Leicestershire.

1. **SCOPE OF WORKS**

The main objectives of this project are to:

1. **Financial modelling**

**North West Leicestershire context:**

The successful consultant will be required to assess the scope for development by each council, having assessed the funding available and political ambitions/commitment. This should include an assessment of the capital funding opportunities available from within each council, including;

 Borrowing capacity.

 Capital programme funding.

 Section 106 commuted sums.

 Land and property sales.

 Retained one for one RTB receipts (including as assessment of their spend timing).

**Hinckley and Bosworth context:**

Hinckley and Bosworth Borough Council is already carrying out modelling on its financial capacity to give an indicative figure of the average number of homes it could deliver over the next five years. This will be available to the consultants for this project on appointment.

**Both Councils will be seeking advice on:**

In order to achieve best value, a consultant with expertise on the financial implications for different delivery mechanisms is required, including:

* Cross subsidy to support the delivery of affordable housing from delivery through the general fund of open market sale housing and private rented housing, and the levels of cross subsidy required to effectively deliver the council house build programme;
* The impact that different mixes of house types and affordable tenure types have on the financial viability of the site, such that scenario testing can be carried out once a site is identified to allow an optimum delivery plan to be developed;
* Comparison of different construction methods so that the advantages and disadvantages of Modern Methods of Construction (MMC) can be explored against traditional delivery, to see if it is more economical to deliver new housing by more innovative construction methods. This assessment must consider the whole life costing implications of MMC, and the market impact of procuring a contractor to complete ground works only;
* The impact that different design standards would have on the cost of delivering new housing, since the councils aspire to deliver high quality well designed homes that are future proofed for residents going forward, including fixtures and fittings as well as space standards.
* Opportunities for engaging local SME builders to both maximise local economic benefits but also to allow a more localised and agile response to opportunities.
1. **Land identification, acquisition and assembly.**

Neither local authority has sufficient land holdings to deliver on their aspirations. If therefore the optimum approach is for delivery of new council housing through a new build programme rather than acquisition of dwellings, a programme of site acquisition would be a matter of urgency.

Advice is required on the most effective way to amass land, including the benefits of a rural exception site programme to take advantage of lower land prices, the advantages and disadvantages of acquiring land that is unattractive to volume housebuilders due to contamination, market factors or other site constraints, or the feasibility of local authorities competing in the market to secure strategically desirable sites

1. **Delivery mechanisms**

Given the lack of expertise in development within the local authorities, consideration will need to be had on the best way to deliver new council housing. Advice should therefore be outlined on the relative merits and costs of the delivery options available;

* The councils either jointly or separately setting up their own development department within the local authority to move forward any build programme and undertake all aspects of council house delivery in house. In such a scenario, the number and type of specialisms required to effectively deliver a programme of development. This should include an assessment of the market rates required to successfully recruit the skills and experience needed to manage the delivery of a development programme.
* Partnering with a registered provider or developer to deliver a programme of council house build, over an agreed timescale or for an agreed number of units.
* Partnering with a registered provider or developer in a Joint Venture on a site by site basis, giving the flexibility to take advantage of opportunities as they arise.
* Exploring delivery of new council housing by alternative means. This includes acquisition of section 106 sites, either in addition to the policy requirement or where there is no interested registered provider to take the section 106 obligations, acquisition either through buy back of ex- council homes or as part of an empty homes programme, and an assessment of the scope available for this to play a significant part in any programme to increase the supply of council housing. Should this be the preferred option for either local authority, advice on the skills and expertise required in house for the local authority to effectively deliver a programme through this mechanism
* Advice on suitable procurement processes for purchasing expertise related to build such as employers agents and clerks of works, CDM, or for the development itself, such that the procurement costs and timescales are streamlined and effective.
1. **Quality and design**
* The local authorities are keen to achieve a high standard of council housing both in terms of space, quality and sustainability. Advice will be sought therefore on the best way to balance these aspirations against delivering a product that balances the number of homes that can be delivered. It is expected that the councils will develop a standard specification for the different property types, that sets out the minimum standards for new council housing.
* It should be noted that NWLDC have a Design SPD and these standards need to be achieved as a minimum on development within the district.

Advice is also sought regarding the social impact of different property mixes on sites regarding the need to create balanced sustainable communities through the mix of property types and densities used

The conclusions reached through the work above should then be collated in a toolkit that can continue to be used by the authorities at the end of the project, and potentially made available to other councils.

1. **EXPECTED OUTPUTS**

The findings of the Study should be provided as follows

* A draft report and executive summary for each local authority setting out options for shaping a council house delivery programme
* A final report and executive summary for each local authority setting out the best options for delivering a council house build programme of good quality homes
* A toolkit for use by Local Authorities going forward with the development programme.

The consultant may be expected to present the main outcomes of the study to a relevant group at each council, prior to final approval of the report.

All reports should be provided in MS word and PDF format and any data (such as baseline data and projections) supporting the reports should be submitted to the council in excel or other suitable format that can be accessed and used by both councils.

1. **PROPOSAL SUBMISSION**

Consultants will be required to demonstrate a thorough understanding of the development process for affordable/social housing including the following:

1. a detailed understanding of land acquisition and assemblage
2. knowledge of different types, tenures and construction methods of affordable housing and the contribution they make to meeting affordable housing need, and the financial implications they will have on any development programme
3. an understanding of delivery mechanisms for new council housing including in house, partnership working and acquisition and the role cross subsidy plays in maximising new council housing provision
4. knowledge and experience of good practice in relation to design, quality and space standards for affordable housing
5. A proven track record of working within the affordable/social housing sector.

Applicants should also provide within the submission:

* Indicative timescales for completing the study;
* Details of the project team including the CVs of the project manager and all individuals who will be associated with the project, providing a breakdown of the input of each individual as part of the project plan and their hourly/daily rates;
* Confirmation that there is no current or likely future conflicts of interest in undertaking this work on behalf of Hinckley & Bosworth Borough Council and North West Leicestershire District Council;
* Evidence of professional indemnity cover to the value of £2,000,000 (two million pounds)
* Details of two organisations to act as references.

The submission should not exceed 1 side of A4 paper for each of the 4 project objectives (CVs should be included as appendices to the submission).

The budget for this project is up to £50,000 payable as 50% on completion of the draft report and 50% at sign off of the final report and the toolkit

1. **PROCUREMENT TIMETABLE**

The indicative timetable for procuring this commission is:

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| --- | --- |
| **Activity** | **Date** |
| Tender Brief issued | 03.06.19 |
| Deadline for submissions | Midday on Friday 28.6.19 |
| Completion of evaluation of submissions by HBBC / NWLDC | Week commencing 01.07.19 |
| Clarification communications  | Week commencing 01.07.19 |
| Contract Awarded | Week commencing 15.7.19 |
| Inception Meeting | Week commencing 22.7.19 |

The Councils reserve the right to amend this timetable, should it be necessary.

1. **PROCEDURE**

Proposals and supporting information and documents must be submitted electronically to:

regeneration@hinckley-bosworth.gov.uk

They must arrive no later than **midday on Friday 14 June 2019**

Late, incomplete or proposals delivered in any other way may be rejected.

Hinckley and Bosworth Borough Council and North West Leicestershire District Council are under no obligation to neither accept any quotation nor be subject to any liability in respect of any expenses or loss which may be suffered or incurred by those preparing a project submission.

During the preparation of proposals for submission, enquiries should be directed to:

valerie.bunting@hinckley-bosworth.gov.uk or telephone 01455 255612

Any questions and responses will be compiled in writing and sent to those providing a quotation.

1. **CRITERIA FOR ASSESSMENT OF QUOTATIONS**

HBBC/NWLDC may disqualify any bidders who fail to provide a satisfactory response to any questions in the brief or inadequately or incorrectly completes any question, and/or fails to submit a submission before the deadline.

If there appears to be an error in the quotation or supporting information, the bidder will be invited to confirm or withdraw the bid.

Where the bidder has a valid reason for being unable to provide the information requested in relation to financial and insurance matters, other information considered appropriate by the council will be accepted.

Where the maximum word/page limit is provided the Borough Council will not evaluate any words/pages over this limit.

The Council will accept the quotation which is the most economically advantageous, i.e. a balance between cost and quality. Based on the information provided by Tenderers, each submission will therefore be evaluated based on the following:

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| --- | --- |
| **Quality (broken down into the below criteria)** | **100%** |
| The technical merits of the proposal including land acquisition and assemblage, site viability and financial modelling and the delivery of a user friendly toolkit for modeling affordable housing delivery | 40% |
| Knowledge and understanding of the factors that influence the delivery of new council homes, including types, tenures, construction methods, design and space standards. | 30% |
| Experience – evidence of delivering at least 2 other similar studies which have informed other evidence bases. –Please provide contact details of the referee the Borough Council is permitted to contact regarding these projects. | 20% |
| Project Team – Details of personnel proposed to complete the study and experience of equivalent studies. Please ensure you provide CV’s for the proposed project team members. | 10% |
| Availability to present findings to relevant bodies with appropriate notice of the requirement to attend | Pass/fail |
| Confirmation of absence of conflict of interest | Pass/ fail |
| Evidence of insurance at appropriate levels | Pass/ fail |

1. **SELECTION OF CONSULTANTS**

It is anticipated a selection will be made based upon written proposals and consultants may be asked to attend an interview at the Council’s offices as set out in the timetable.

1. **METHOD OF WORKING**

The work will be self-managed by the appointed consultant. An inception meeting will be held with officers of Hinckley and Bosworth Borough Council and North West Leicestershire District Council and thereafter further meetings at one of the council’s offices prior to the issue of draft report and a finalised report. Presentation of the findings of the draft report will be given to officers at an appropriate point. Day to day liaison will be with the appointed officers at the borough and district councils.

1. **PAYMENT**

Payments will be made at 50% on production of the draft document and 50% on agreement of the final study and toolkit.

1. **DATA PROTECTION**

The appointed consultant will be responsible for collecting and collating any information relating to new homes delivery. The information contained within the recommendations will be held and processed by the consultant.

1. **FREEDOM OF INFORMATION ACT 2000, Environmental Information Regulations 1992**

In providing information to the Council, bidders therefore accept that such information may be disclosable under the Act or Regulations and must not therefore provide information as part of their bid on an “in confidence” basis.

Any information provided that should not be disclosed because an exemption applies should be clearly marked as such and reasons provided for exemption. However the final decision shall remain the decision of the Council. The Council shall retain information gathered as part of this bid exercise in accordance with its Retention Schedule and Records Management Policy. The Council will consult with the bidder before making any disclosure regarding the bid.

1. **DISCLAIMER**

Reasonable care has been taken to prepare this brief. However, the accuracy of the information is not guaranteed. Bidders are responsible for satisfying themselves that the information, on which they rely, when preparing proposals is correct.

All work undertaken and all costs incurred by the prospective bidders in preparing their proposal will be at their own risk. The Councils will not be liable for any costs incurred.

The Councils will not be bound to accept any of the submissions put forward by any of the bidder.