

## **Appointment of Property Consultancy Services**

**Daedalus Waterfront  
Lee-on-Solent, Hampshire  
Daedalus Enterprise Zone, Lee- on-the-Solent, Hampshire**

**23 June 2016**



**Homes &  
Communities  
Agency**

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## **1.0 INTRODUCTION**

The Homes and Communities Agency (HCA) is seeking to appoint an agency consultant team on a fixed fee basis to undertake agency work to bring forward early development in and adjacent to the former HMS Daedalus site at Lee-on-the-Solent, near Gosport in Hampshire.

The purpose of this brief is to provide guidance to prospective bidders. The HCA has invited three panel members to tender for this appointment.

Daedalus Waterfront is the focus of this brief. It is best described as three elements: two direct commissioning residential plots, core employment area and mixed use area to the south.

## **2.0 DIRECT COMMISSIONING**

Daedalus Waterfront was announced as one of five pilot sites by the Prime Minister on the 4<sup>th</sup> January 2016.

Direct Commissioning is a means of delivering new homes at a faster pace than the market might otherwise achieve, encouraging new participants into the house building process, and involves the HCA, through the contracting mechanisms, assuming a higher level of sales risk than it would through a normal land disposal. Disposal is by way of standard agreement for lease/building lease route with subsequent plots disposals as per HCA's normal disposal route for strategic sites. The exact structure of the direct commissioning model is subject to DCLG approval. However it is likely to provide two safety nets for the contractor/developer in order to counterbalance the need for delivery above normal market rates.

The first is that HCA guarantees the total GDV for the site at a preagreed level. This level is fixed through the tender process.

The second is that HCA guarantees that any units remaining unsold after a period of time beyond practical completion are acquired by the HCA. The values are likely to be a factor of, and below, the build cost. Again this is fixed in the tender return.

Profit share will be prioritised with HCA taking the first profit share up to the land value. Thereafter profit sharing will be split between HCA and contractor/developer based on tenders returned.

As one of five pilots, Daedalus Waterfront is intended to use the existing HCA Development Partner Panel 2 to expedite procurement of a developer/contractor.

The HCA has secured an additional £12.6m approval on the Daedalus project including £11.5m for infrastructure works to release the residential plots as serviced and minimising/mitigating as much risk as possible for these plots.

The HCA is nationally developing a direct commissioning model which Daedalus Waterfront will be a leader on. At the same time there is recognised the need to incorporate flexibility and to reflect site specific requirements with direct commissioning proposals.

This brief provides an opportunity for the successful consultant to be at forefront of proving this new government policy.

### **3.0 SITE BACKGROUND**

The Daedalus site had been under MOD control since 1917 when they first acquired and used it for seaplane training. The base was a fully operational airfield, barracks and training facility by the time World War II commenced and it remained in military operation until 1996. The MOD declared it surplus to their requirements in 2004.

SEEDA acquired the site in 2006 to bring forward comprehensive regeneration specifically focussed on aviation, aerospace and marine uses. Daedalus was withdrawn from operational use in the late 1990s and very little servicing or improvement work took place leading up to the 2006 disposal. Hence services and infrastructure on site has deteriorated resulting in a significant investment being required to bring them back to a safe operational state. SEEDA commenced a comprehensive masterplanning process and was working towards securing an outline consent. The HCA subsequently submitted an outline planning application and planning approval for the Gosport element was obtained in January 2016. The HCA is now working with partners to deliver the aspirations of the Enterprise Zone.

The attached confidential brochure provides background on the wider site.

Daedalus Waterfront has been identified as one of five direct commissioning pilots to deliver the residential element of the outline planning approval of 200 new residential units. The units are split into two plots at the east and west of Daedalus Waterfront. The HCA has secured additional investment to service these residential plots and at the same time servicing some 20 acres of employment land between the two. The property service now required has three arms:

1. Marketing and procuring a contractor/developer for the residential direct commissioning plots
2. Advising on the interface between residential and infrastructure works
3. Advising on market, marketing and sale of the balance of Daedalus Waterfront

#### **4.0 THE SITE**

##### **4.1. Site Address**

Daedalus Airfield  
Chark Lane  
Lee-on-The-Solent  
Gosport  
Hampshire  
PO13 9YA

##### **4.2. Site location**

The site is located to the west of Gosport in the area of Lee-on-The-Solent. Daedalus Waterfront abuts Marine Parade and Stubbington Lane, which run along the frontage of the Solent, with views west across the water to Fawley on the mainland and the Isle of Wight.

The Daedalus site is currently serviced on all sides by the main highway network and takes its direct access from B3385 Broom Way. This in turn provides access to the east to the main A32 Fareham Road, which is the primary north- south route to the Gosport peninsula leading north to the M27 and the national motorway network beyond. The site falls within the administrative area of Gosport Borough Council (GBC). Hampshire County Council (HCC) are currently constructing Daedalus Drive through the site connecting to the Broom Way junction. This highway is to be to adoptable standards and is due for completion in November 2016.

#### 4.3. **Site Description**

The Waterfront site currently consists of 23 hectares (57 Acres).

Ownership of the airfield and associated areas was transferred from HCA to Fareham Borough Council in March 2015.

In September 2011, the Solent LEP was successful in achieving an Enterprise Zone designation for Daedalus. Since the site transferred to the HCA there has been considerable investment in the project. The HCA has invested over £36 million in progressing the project including critical land acquisitions (including the airfield) and new infrastructure provision.

As a result of the previous investment by SEEDA and the HCA's continuing investment, the EZ designation, the successful GPF allocation, planning consent and an increasing level of interest from occupiers, the HCA considers that Daedalus is now a key strategic employment location within the Solent area. This ambition is shared with all key partners in the area, including the local MP and the LEP.

Daedalus Waterfront includes six listed buildings and a conservation area all principally in the area to the south of Implacable Road. Added to this heritage dimension, has been the planning authority's desire to promote employment development as the priority. This creates barriers to the market with substantial liabilities on site and the only real value driver being residential development.

The HCA tendered disposal of the Waterfront as a comprehensive development scheme in 2014-15. There was a distinct lack of market interest with only three PQQs submitted. All three progressed through competitive dialogue and submitted tenders. Only one was deemed robust enough but the lead partner withdrew shortly afterwards citing planning risk and complexity as deterrents to proceeding. There has been very little market interest since then. Two of the three tenderers have confirmed they remain interested in acquiring the balance (non-residential) parts of the site.

In January 2016 the site was identified by central government as the location of one of the five pilot projects for Direct Commissioning and residential delivery is therefore a critical priority now.

This brief therefore relates to bringing forward the direct commissioning element within the Waterfront, and support in disposal of the balance of the land as required.

## **5.0 PLANNING HISTORY**

A planning application to Gosport Borough Council (K.197976) sought permission for an “employment-led mixed use scheme including up to 69,992 sqm of commercial floor space in new buildings and re-use of existing buildings (Use Classes B1, B2, and B8), up to 1,075 sqm of retail (Use Classes A1, A2, A3, and or A4), up to 200 residential units (Class C3), up to 32 units if care accommodation (Use Class C2), up to 1,839 sqm of community uses (Use Class D1), up to 8,320 sqm of hotel use (Use Class C1), up to 2,321 sqm of leisure (Use Class D2), new and upgraded vehicular and pedestrian access arrangements, hard standing and car parking, open space provision, landscaping and associated works.”

This outline planning approval was issued by Gosport Borough Council in January 2016 prior to adoption of CIL.

A separate S106 was completed with Hampshire County Council relating to both the outline applications to Gosport Borough Council and Fareham Borough Council. Payments have been made to Hampshire County Council to discharge the transport contributions and also the signage strategy.

## **6.0 PROJECT OBJECTIVES**

The work that is the subject of this brief and appointment is intended to deliver the following objectives:

- Procurement of a contractor/developer in a structured and managed way to ensure delivery to a challenging but realistic programme.
- Proactive risk management to identify issues and mitigate them before they impact on the project.
- Linkage between the design and implementation of the infrastructure work and residential development.

- Subsequent disposal strategy and disposal of the mixed use land to the south of Implacable Way.

## 7.0 KEY DRIVERS

The following list is not intended to be exclusive and consultants will be responsible for identifying all critical issues which are relevant to delivery:

- **Direct Commissioning Pilot:** The overarching delivery goal is to provide two development plots for delivery of 200 new build residential units. The site is one of five pilots announced by the Prime Minister and therefore subject to significant scrutiny for HCA to demonstrate it can bring forward delivery of residential units at a faster pace.
- **Exit Strategy from Balance of HCA ownership:** The objective is to deliver the direct commissioning site but an important side effect is the benefit to the balance of the site. HCA's preference is to dispose of the balance of the site to the public sector (LPA or LEP). However there is waning of interest from these parties and so a private sector led approach may be required.

## 8.0 SCHEDULE OF SERVICES REQUIRED

The HCA wishes to appoint a property consultancy team to lead on the disposal of HCA's direct commissioning plots. There is likely to be a requirement to also input and potentially deliver the disposal of the balance of the land's disposal strategy.

There are therefore several main elements to this brief:

- **Soft market testing of direct commissioning plots** - It is assumed procurement will be done through HCA's DPP2 panel. It is envisaged a proactive approach will be required to generate interest and promote this opportunity. The consultant will need to produce material and lead on the promotion. This may also include 2-3 buildings within the direct commissioning areas which are required to be retained and therefore refurbishment and disposal, in addition to the 200 new build units, needs to be considered.
- **Procuring a developer/contractor** – This will entail production of sifting brief and invitation to tender (ITT) and dealing with enquiries including site visits. It will also require significant input into the evaluation of the tender returns. It is anticipated that this will form a significant proportion of the service required in evaluation and sensitivity testing. The nature of direct commissioning means

that financial evaluation is dependent on the various inputs from tenders which will need to be modelled and sense tested. As a pilot this modelling is likely to be in depth, subject to significant scrutiny and necessary for HCA's approval purposes. The modelling will be used to evaluate each bids commercial offer. This stage will also require the selected consultant to undertake a red book valuation of the land to disposed to inform the ITT and profit share arrangements.

- **Monitoring of developer/contractor** – This will require monitoring of financial models and delivery by the contractor/developer. It will include post award contract discussions relevant to the financial modelling.
- **Post contract financial reconciliation** – This is reviewing the developer/contractor's financial models at the point of practical completion and disposal of the 200 units, reconciling contractual positions and sharing of returns.
- **Infrastructure liaison** – It is anticipated that the developer/contractor will be appointed by November 2016. In the meantime it is helpful to have a watching brief on infrastructure provision to get a residential developers perspective on the works. This is not expected to be in depth – attendance at and input in client meetings once a month up to November should suffice.
- **Balance of the land** – Outside of the direct commissioning work there will need to be a disposal strategy and implementation for the balance of the site. The HCA is working with public sector partners to see if they will take the balance of the site on. If not then the HCA will need to seek the disposal of the balance of the site. The exact details of the disposal needs to be thought through balancing the need for HCA's exit strategy with the strategic importance of the site and the market's interest. This work will inevitably evolve but the first element will need to be an appraisal of market interest in the site and tailoring the disposal strategy around this.

It is possible that the disposal of the balance of the site is not instructed under this brief or subsequently removed from the instruction. HCA retains absolute discretion as to which elements from the basis of the instruction.

In order to complete the works required it is anticipated that the consultancy team will be predominantly at director or senior director level. The nature of direct commissioning as a pilot means that it has not been tried and tested. The work

therefore needs an experienced and knowledgeable director or senior director level input with a residential development focus.

The successful consultant will work closely with the HCA Operating Area in the delivery of this brief. In particular the site has an existing HCA project manager, Jeremy Herring, and close involvement with the Head of Area, Kevin Bourner. The consultant will be part of this team and there will be close liaison between HCA and the successful consultant.

## 9.0 INDICATIVE PROGRAMME

The expected overall timeframe for this contract is up to 30 months but the primary focus is on the procurement of the contractor developer over the next 6 months. It is expected that the consultants will be able to move swiftly once the contract is awarded in July 2016. The successful consultant will be expected to input on how the delivery of development can be progressed in advance of such a programme.

The below is an indicative programme.

Indicative Outline Programme:

Item 1	Description	Approximate Timelines
1	<b>Soft Market Testing</b>	July 2016
2	<b>Issue of Sifting Brief</b>	August 2016
3	<b>Issue of ITT</b>	September 2016
4	<b>Tender Returns, Evaluation</b>	October 2016
5	<b>Contract Award</b>	November 2016
6	<b>Detailed Design</b>	November 2016 – February 2017
7	<b>Reserved Matters Application</b>	March 2017
8	<b>Reserved Matters Approval</b>	May 2017
9	<b>Start on site and development</b>	June 2017-June 2019
10	<b>Financial Close</b>	September 2019

## **10.0 WORK COMPLETED TO DATE**

The Daedalus site has been the subject of development proposals for a significant amount of time and there is a substantial amount of information that has been collated over the years. The HCA took the site to the market for the comprehensive redevelopment of the Waterfront in the autumn of 2014. As part of this process the HCA undertook intensive technical due diligence work which will be available as part of the developers packs.

## **11.0 TENDER REQUIREMENTS**

The HCA is providing full disclosure of information to the consultants. While the HCA has sought to identify the issues it is aware of, the HCA expects the consultants to identify the full scope of works that is required and tender against that. Where additional work is identified by the consultant then the submission should be explicit about that and the associated cost. The HCA will not pay for additional work that is reasonably foreseeable by the successful consultant at the time of tendering or that an experienced consultant would have judged at the time of tendering to have such a small chance of happening that it would have been unreasonable to have allowed for such a cost.

The HCA requires tenderers to submit tenders which demonstrate that they have the expertise, resources and experience to provide the services to the HCA in a way which provides value for money and complies with the terms of the contract.

All submitted Tenders must contain the following sections:

- Technical Submission – which complies with the requirements set out in sections 6, 7, 8 and 12 below.
- Commercial Submission – which complies with the requirements set out in section 12 below.
- Signed Form of Tender contained at Appendix A of this document.
- Completed Activity Schedule contained in Appendix B
- Completed resource schedules in the form set out at Appendix C.

Tenderers shall acknowledge receipt of this ITT and their intention to submit a compliant tender by e mail to the project manager [REDACTED]  
[REDACTED]

Tenders shall be in electronic format and should be provided by **the end of 8<sup>th</sup> July 2016.**

Tenders shall be returned by email to [REDACTED] at:  
[REDACTED]

Interviews will be held to seek further clarification if required. Date(s) will be circulated as necessary.

Any queries should be sent to [REDACTED] and a log of queries will be collated and circulated. Any queries that are viewed as being commercially sensitive should be highlighted as such. The HCA welcomes points of clarification to provide a strong brief and hence tenders as possible.

## **12.0 TENDERERS' TECHNICAL SUBMISSION**

### Introduction

All Tenders must commence with a Technical Submission detailing how Tenderers intend to carry out the Services. The structure and format for the Technical Submission should be as set out below. The technical submission should reflect how the consultant will carry out the work and what skills, expertise and experience

it will use. It should identify clearly what it is seeking to achieve and how it will achieve that in an ordered and methodical manner.

### Team Details

Tenderers must give details of their chosen team identifying how and where their experience directly relates to the specific, key, requirements of this brief. As a minimum the following information must be provided:

Organogram showing the team structure including any sub-consultants and how this team interacts with the Client Body. Particular focus should be given to project management and coordination of the separate functions. Include all personnel relevant to the project defining role and grade. Where different offices being utilised these should be identified. Team members put forward at grades of principal and above shall be listed as key people in Appendix C.

Core members of the team should be identified who will attend the regular meetings.

1. Appropriate curricula vitae (maximum 2 pages A4) shall be provided for all key people. The CVs shall contain only information which is relevant to the performance of the services.
2. Identify the key elements of the brief and how your chosen individual team members have gained the expertise and experience required to deliver this project.
3. Identify where and how individual team members have made a contribution to the case studies you have put forward.
4. Identify how the technical expertise will be coordinated to have ownership of and focus on the overall development objectives.
5. Consultants are encouraged to be precise and the HCA would encourage them to limit this part of their submission to 5 pages exclusive of the CVs.

### Capability

- Provide two case studies of your work on previous projects of a similar nature. Where possible this should link to the team details provided above. Examples delivered by wholly different personnel will be marked down accordingly.
- Provide a detailed method statement to describe your approach to delivering the project and identifying the key issues to be managed. Demonstrate how all requirements of the brief are being comprehensively met without the need for additional appointments of specialists or additional payments to the consultant. Demonstrate how the Case Studies read across to the method statement.
- Consultants are encouraged to be precise and the HCA would encourage them to limit this part of their submission to 5 pages.

#### 12.1. Programme

An indicative programme is provided in 8.4. This is extremely tight reflecting the political imperative of progressing delivery. It is a requirement that this work is prioritised such that turn around times are minimised and a statement to that effect is required in the tender submission.

### 13.0 TENDERERS' COMMERCIAL SUBMISSION

The tender must be made on the Form of Tender as set out in Appendix A of this document.

The tendered sum must be accompanied by a detailed breakdown of the form set out at Appendix B with a schedule of tendered rates provided in line with Appendix C. Where tendered hourly rates differ from the agreed framework rates some justification of this difference must be given. Particular emphasis will be given to comprehensive submissions with full breakdown of costs to ensure that evaluation is done on all costs. It is in the interests of consultants to itemise their costs.

The prices and rates within the resource schedule for the tender must be comprehensive, including provision for ALL of all the requirements of the contract including normal disbursements and expenses. No other consultants or specialists shall be appointed and the successful consultant shall provide a full detailed and comprehensive commercial submission identifying **all** additional consultants, specialists, surveys, investigations and expenses required to complete the project.

Renderings and exhibition materials (if required) will be the only allowable additional expense.

The prices stated within the Resource Schedule for the Tender will exclude VAT.

Where items cannot be priced accurately at this stage, the tenderer must list a series of provisional sums to assist with cost control and budgeting.

It is expected that the consultant will identify any other services they believe will be required in order to fulfil the brief if they are not amongst those listed in Section 8.

While the tender sum should be a fixed sum for each of the phases which should not be exceeded, it is possible that the works requirements will be reduced depending on how elements are progressed. Hence each phase should be based on a capped fee basis with costs charged at an hourly rate up to the level of the cap.

The commercial submission should be divided into phases in accordance with 8.

## 14.0 TENDER EVALUATION

### AWARD OF CONTRACT

The HCA's intention is to award the Contract to the Tenderer who submits the most economically advantageous tender determined by an evaluation process and criteria which includes an assessment of both qualitative and quantitative aspects of Tenders.

### THE EVALUATION PROCESS

The evaluation process will use the criteria illustrated below to undertake a review of all compliant Tenders. That review will enable the HCA and its partners to distinguish the technical and commercial capability of tenderers and to test the robustness and quality of their proposals.

Tenders will be evaluated in accordance with the pre-determined criteria set out below, each of which will be assigned weightings which are set according to the nature and expertise required.

A provisional score for each tender will be ascertained following an assessment against the evaluation criteria.

The evaluation criteria and the weightings for the provision of the services are as follows:

Level 1	%	Level 2- Criteria	%
Commercial Evaluation	50	Tendered Total of the Prices	40%
		Sensitivity to change in scope	10%
Technical Evaluation	50	Team	15%
		Capability <ul style="list-style-type: none"><li>Case Studies and method statement</li></ul>	35%
			100%

It is anticipated that scores will be provided for each criteria by bench marking the submissions of each tender to the best in class for each criteria. The best in class for

each sub-section will receive the maximum available points for the section with all other tenders receiving a pro-rata reduction.

Scoring for the sensitivity to change criteria will use the input data from the submitted resource schedule and reflect confidence in the inclusion of all items.

**APPENDIX A**

**FORM OF TENDER**

**HOMES & COMMUNITIES AGENCY**

Project: **Daedalus Waterfront; Property Consultancy**

Tenderer :

I/We agree to carry out the works in accordance with the attached tender documentation to the entire satisfaction of the HCA, for the Total Fixed Lump Sum Fee of:

**Soft market testing of direct commissioning plots**

£..... (exclusive of VAT)

**Procuring a developer/contractor**

£.....(exclusive of VAT)

**Monitoring of contractor/developer**

£.....(exclusive of VAT)

**Post contract financial reconciliation**

£.....(exclusive of VAT)

**Infrastructure Liaison**

£.....(exclusive of VAT)

**Balance of the land: Appraisal of market interest and development of disposal strategy**

£.....(exclusive of VAT)

**Balance of the land: Implementation of disposal strategy**

£.....(exclusive of VAT)

**Any Additional Costs including Provisional sums/third party costs**

£.....(exclusive of VAT)

In accordance with the completed Resource Schedule attached to this Form of Tender at Appendix B and the breakdown of daily rate for the specific development consultancy resource identified separately in Appendix C.

Our tendered rates for additional services instructed as part of the **general technical support work** are as set out at the schedule of rates attached to this Form of Tender at Appendix C.

Please detail any provisional sums/third party costs anticipated in addition to the above tender costs.

The HCA do not bind themselves to accept the lowest or any tender.

Signature: .....

Position in Organisation: .....

For and On Behalf Of:.....

Address:.....

.....

Date: .....

Tel. No: .....



