

Dear Prospective Tenderer,

**One Manchester – City South Manchester Housing Transfer
Environmental Risk Transfer – Invitation to Tender ("ITT")**

I Martin Associates Ltd ("IMA") has been retained by One Manchester to undertake the environmental insurance market review for a new insurance contract for the property transferred by Manchester City Council (the "City Council") to City South Manchester Housing Trust ("CSM") to run until **2nd June 2028**.

One Manchester Ltd is a Community Benefit Society regulated by the Homes & Communities Agency. As such it is a registered provider of housing and community services. It was formed in April 2015 from a merger between two of Manchester's largest housing associations – CSM and Eastlands Housing Partnership. It currently owns and manages more than 12,000 homes in central, south and east Manchester. Some 4,418 homes, 305 freehold reversions, and related garages and land, in the wards of Hulme, Moss Side, Whalley Range, and Fallowfield, comprise the "property" transferred by the City Council to the newly established CSM on 2nd June 2008. It is this "property" that is the subject of this tender.

The insurance contract's estimated value exceeds both the threshold for inclusion on Contracts Finder and the EU threshold, as set out in the Public Contract Regulations 2015. The required Notice has therefore been placed on the OJEU and Contracts Finder websites. The Procurement Procedure set out in the Contract Notice is the "Open Procedure". The publicly available initial documentation can be accessed via the following Dropbox link: https://www.dropbox.com/sh/8hp2ve2w42n6yvv/AACE6_1ctoSU8ZAJxYG49e3a?dl=0.

This includes the City Council's Tenant Offer Document, the Contaminated Land Strategy in place at the time of the transfer and the latest update, and indicative maps by the City Council and Enviro showing the location of the transferred properties.

In addition to the initial documentation there is Confidential Information that will be provided immediately to qualifying prospective tenderers. As set out in the Contract Notice, qualifying prospective tenderers are those who can confirm that they:

- are insurance companies duly authorised and regulated within the European Union;
- are able to write the class of insurance required; and
- have a current credit/financial strength rating of at least Standard & Poor's "A", or equivalent.



The cut-off date for requesting the Confidential Information or for questions related to this tender is **12 noon Friday 4th May 2018**. Requests for access to the Confidential Information or any questions related to the tender should be submitted by email to ian@i-martin.com and copied to susan@i-martin.com and paul.rose@buildingandland.co.uk. Any relevant additional information provided to one qualifying prospective tenderer will be provided to all qualifying prospective tenderers. The “Tender Process & Requirements” are set out in Attachment 1 and the “Specification of the Risk Transfer Solution” is in Attachment 2.

The deadline for tender submission is **12 noon Friday 18th May 2018**.

The Objective:

One Manchester loan covenants for CSM currently run until **2nd June 2028**. The current insurance policy continues to **2nd June 2023**. One Manchester is therefore seeking costed proposals to provide an insurance structure that: can commence on **3rd June 2018**; run through to **2nd June 2028**; does not affect or replace the existing policy; and provides at least similar levels of insurance protection for the period **2nd June 2023** to **2nd June 2028**.

Background:

On 2nd June 2008 the City Council transferred some 4,418 council homes, associated garages, community homes and land to the newly established CSM, set up to specifically manage this property. The City Council gave the usual environmental warranties. However, as with other housing transfers in Manchester at the time, the City Council disclosed against these warranties comprehensive contaminated land surveys that it had undertaken for this purpose. This in effect meant that the environmental warranties could not be relied on by CSM as regards contaminated land risk. This risk was transferred to CSM. CSM’s funders required loan covenants as part of the funding arrangements requiring CSM to obtain environmental insurance to cover this risk for 20 years, if commercially available. IMA managed the tender for the current insurance policy, which was inceptioned on 2nd June 2008 for ten years. It was extended annually for five years and therefore expires on 2nd June 2023 – five years short of the original loan covenants required by CSM’s funders to 2nd June 2028. It should be noted that it is the original property transferred that is to be insured.

If purchased, the new insurance policy is planned to be inceptioned on 3rd June 2018. The continuity date (or reverse retroactive date) for the new policy will as usual be the day of the original housing transfer i.e. 2nd June 2008. The current insurance policy cover addresses both the contractual and the residual liabilities for the land transferred in 2008. It is for prospective tenderers to design the new ten year insurance structure that is capable of being put in place from 3rd June 2018, without affecting the existing insurance policy, and which will then become the only policy in place from 3rd June 2023 through to 2nd June 2028. Whether this takes the form of a nominal secondary insurance layer for the first five years that then drops down to become the primary layer for the full limit of indemnity for the final five years, or takes another form entirely is for prospective tenderers to propose. Whatever structure is proposed will clearly need to meet all the regulatory requirements including contract certainty for the whole of the insured period.

Confidential Information

This will be provided to qualifying prospective tenderers. It includes copies of the information disclosed for the original insurance policy, including:



- the 2008 rent roll of the transferred property (excluding names);
- the City Council Contaminated Land Survey;
- the review of the City Council Surveys and Environmental Phase 1 Survey from Enviros Consulting Ltd for the property transferring, including the contaminated land maps for all the transferring property (both as PDF's and also as GIS files viewable on ArcReader – software provided);
- the Transfer Agreement (including property transferred, warranties schedule, development agreement etc.); and
- the Security Trust Deed.

In also includes: current insurance policy; details of the few planning permissions in the past almost 10 years; a information on whether any transferred addresses appear on the City Council's Contaminated Land Register or Brownfield Land Register, or any other material change in risk. It should be noted that sites where there was no identified association with contaminated land in 2008, should not be interpreted as being contamination free. Identification of contaminated land is a continuing process and may result in subsequent registrations of contaminated land if and when new information is presented.

Selection Criteria:

One Manchester will be making the selection of the preferred insurer and insurance offered and any subsequent decision to purchase in line with the principles of the "Most Economically Advantageous Terms". The evaluations criteria and weightings, as in the Contract Notice, are in the following table:

Evaluation Criteria	Weighting
Extent of cover	31
Extent of site-specific exclusions/restrictions to cover	31
Price/Premium	33
Social Value	5
Total	100

Please note that the inclusion in the selection criteria of "Social Value". Under the Public Services (Social Value) Act 2012 OM must consider:

- a) How what is proposed to be procured might improve the economic, social and environmental well-being of the area where it exercises its functions, and
- b) How, in conducting the process of procurement, it might act with a view to securing that improvement.

By doing so One Manchester meets its own policy objectives and its duty under the Public Services (Social Value) Act 2012.

Accordingly, the subject matter of the contract has been scoped to take into account the priorities of the contracting authority relating to economic, social and environmental well-being. Attachment 3 to this ITT describes OM's social value priorities, how they are reflected in environmental and social characteristics in the evaluation criteria for the award of the contract, and the response to be included in the tender submission.



Other Points:

Under the “Open Procedure” One Manchester or IMA may seek clarification of details of the individual tenders. Please note that under this procedure there is no facility for One Manchester or IMA to enter into negotiation on the tenders submitted.

One Manchester will not be committed to purchasing insurance unless and until it formally issues an instruction to purchase. If insurance is purchased, the placement will be via our associate company, Building and Land Guarantees Ltd.

The information in these papers is confidential between One Manchester and your company and is not to be used or communicated for any other purpose other than the preparation and submission of the Tender Response and only to those people within your company directly involved in the preparation and submission of the Tender Response. The information has been compiled and the supporting papers are provided in good faith. Neither One Manchester nor IMA accepts any liability for the information provided: nor any errors, omissions, inaccuracies or otherwise arising from this ITT, or other papers provided.

We thank you for your interest in this contract and look forward to receiving your confirmation that you meet the criteria of a “qualifying prospective tenderer”. On receipt we will provide access to the Confidential Information.

Yours sincerely,

**Ian Martin,
Director**

Encl.

- **Attachment 1 The Tender Response Process & Requirements**
- **Attachment 2 The Specification for the Insurance Risk Transfer Solution**
- **Attachment 3 Social Value Priorities Selection Criterion**



Attachment 1 The Tender Response Process & Requirements**a) Submission of Tender Response**

Send to ian@i-martin.com

Copy to paul.rose@buildingandland.co.uk
susan@i-martin.com

To be received by 12 noon on 18th May 2018

b) Tender & Contract Timetable

Timetable of Events	Date
Deadline for requests for Confidential Information or other questions related to the tender	12 noon 4 th May 2018
Deadline for electronic receipt of tenders	12 noon 18 th May 2017
Policy inception (Subject to decision to purchase)	3 rd June 2018

NB Dates and times may be varied as required.

c) The form of the Tender, including other documentation required:

1. The Tender based on the Specification, including the draft policy and endorsements.
2. The price/premium schedule. Pricing to be net of IPT and to include commission at the rate of 15% where 100% equals the gross price net of IPT.
3. Capability Statement to include, *inter alia*:
 - a. References of similar work done for other councils and other public sector or "third-sector" organisations;
 - b. CV's of the staff to design the risk transfer solution and examples of like work that they have undertaken previously.
4. Confirmation of :
 - a. The financial institution to provide the Risk Transfer Agreement
 - b. The latest credit/financial risk-rating for that institution, including the date related to the credit/financial-strength rating. Such rating to be at least Standard & Poor's "A" or equivalent.
 - c. The authorisation and regulation of that institution by the Financial Conduct Authority or similar institution within the member countries of the European Union.
 - d. The ability and capacity of that institution to write the type of insurance which is the subject of this tender.
5. A Statement detailing the Social Value you will provide in relation to this contract? This could include economic, social or environmental wellbeing, or benefits to be delivered in addition to the requirements of the specification. Responses should detail and quantify what will be delivered and the benefits it will bring. A list of One Manchester's Social Value Priorities are detailed in Attachment 3.
Word limit: 500 words



Attachment 2 The Specification for the Insurance Risk Transfer Solution

Environmental Insurance proposals and associated costs to address the contaminated land risks and liabilities highlighted in the City Council's and Environmental Consultant's reports.

The Housing Transfer took place on 2nd June 2008 (Transfer Agreement dated 3rd June 2008). Inception of this new insurance policy is planned to be on the 3rd June 2018, subject to a decision to purchase by One Manchester.

Please note that the purchase of an insurance policy will be published on both Contracts Finder and OJEU websites in the form of a Contract Award Notice and may be formally shown in the Council's public record of decision-making and/or subject to disclosure under the Freedom of Information Act. However, the detail of any such policy is intended to remain commercially confidential to One Manchester and therefore it is not intended to be revealed to other third parties (unless required by law).

The "Property" that the Council transferred as defined in First Schedule to the Transfer Agreement, including some 4,418 dwellings, common areas, ancillary property, 101 lock-up garages and other buildings on the transferred land, and freehold reversionary interests of long leases (primarily Right to Buy flats).

Your proposal shall include:

- a. Continuity/Reverse Retrospective date: 2nd June, 2008
- b. Inception date: 3rd June 2018
- c. Insurance policy period: ten years, ending in line with the funding covenants on 3rd June 2028.
- d. Sum-insured/limit of indemnity, each and every claim and in the aggregate, of £30million (or your maximum limit, whichever is the lower);
- e. Draft policy wording, to follow-on or mimic the existing insurance policy, highlighting any limitations and exclusions, and any variances from the existing insurance policy including:
 - i) Covers provided; how these address the warranty & landowner risks, including discovery as well as release, emission, escape etc;
 - ii) The extent to which redevelopment/groundworks is covered/excluded;
 - iii) Any voluntary site investigation or ground-working exclusion;
 - iv) The treatment of "off-site" contamination sources if on Council retained land;
 - v) Deductible to be £25,000, for each and every incident.
 - vi) All property transferred, even if not formally in the environmental surveys;
 - vii) That elected members to be included as insureds;

Please note that prices/premiums for all options offered are required to be in sterling (GBP) and included for the tender to be compliant.



Attachment 3 – Social Value Priorities Selection Criterion

OM is committed to generating Social Value for the communities we serve. We act in a socially responsible way and seek to influence others with whom we work to do the same.

In accordance with the Social Value Act 2012 we consider social value in our decisions about how we procure to make a major contribution to the economic, environmental and wider social well-being of the residents of OM.

One Manchester seeks to achieve this by ensuring that social, economic and environmental outcomes are systematically incorporated into procurement practices so that we can achieve greater impact from each and every contract. Social Value is considered in the tender specification, and scored as part of the tender return.

OM's social value priorities are:

1. Supporting more resilient communities
2. Improving places and reducing environmental impact
3. Supporting a stronger more resilient local economy
4. Supporting Healthier and Happier people

One Manchester is committed to generating Social Value by ensuring that social, economic and environmental outcomes are incorporated into procurement practices.

Please detail the Social Value you will provide in relation to this contract?

This could include economic, social or environmental wellbeing, or benefits to be delivered in addition to the requirements of the specification. Responses should detail and quantify what will be delivered and the benefits it will bring in the context of OM's Social Value Priorities above.

Word limit: 500 words

Scoring The individual weighting applied to this question is 5%.

Scoring matrix The following marking regime will be used to score the social value responses

Score	Description
5	Exceptional. Demonstrates strengths, no errors, weaknesses or omissions and exceeds expectations in some or all respects
4	Good. The standard of response fully meets expectations.
3	Satisfactory. The response is acceptable but with some minor reservations.
2	Poor. The response is deficient in certain areas where the details of relevant proposals require the reviewer to make certain assumptions.
1	Very Poor. The response is deficient in the majority of areas where the details of relevant response require the reviewer to make frequent assumptions.
0	No response.

