

Drawing No. **001**  
 Drawing Title **Existing site plan Plot S location**

Revision **A**

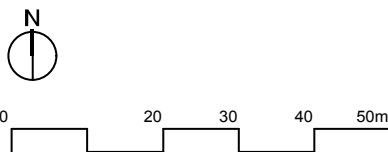
Project	Poets' Corner		
Client	Harrow Council		
Drawn	AT	Checked	
Date	06.12.18	Status	Preliminary
Scale @ A3	1:2500	Scale @ A1	1:1250



Rev	Date	Description
B	15.13.19	Labelling amended
C	20.05.19	Redline ammended - legal
D	20.05.19	Redline ammended - legal

Notes

- - - Land owned by Harrow Council
- - - ISSC Ashram land (post landwap)
- - - Proposed new civic footprint

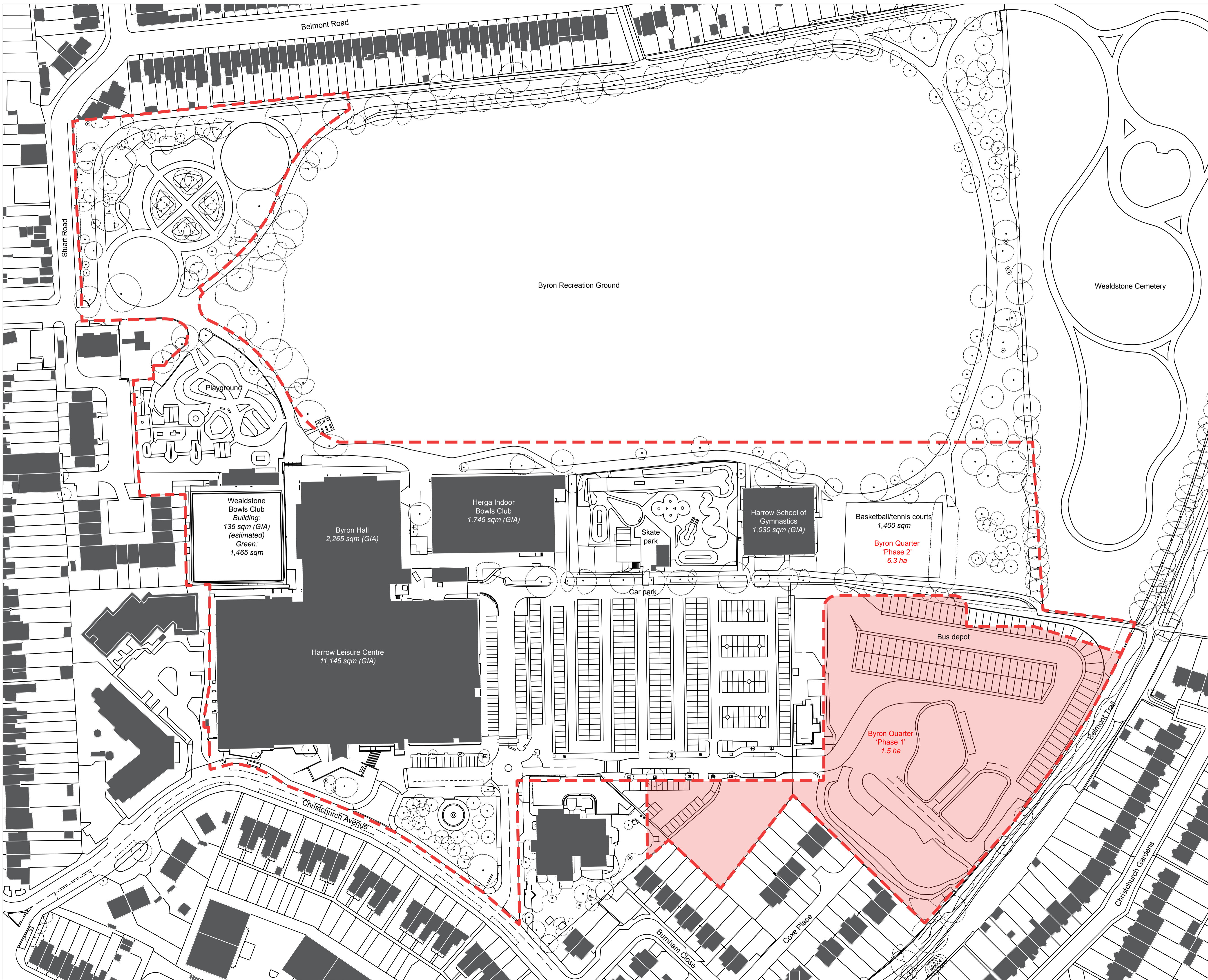


Drawing no. **PH-E-SP-000** Revision **D**

Drawing title  
**Peel House Existing site plan**

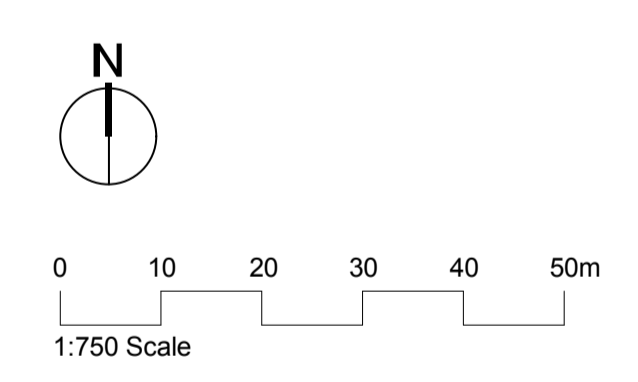
Project	<b>Peel House</b>
Client	<b>Harrow Council</b>
Drawn	<b>AT</b>
Date	<b>14.03.19</b>
Scale @ A3	<b>1:1000</b>

**BUILDING A BETTER HARROW**



Rev	Date	Description
B	15.03.19	Phase 1 highlight added

- Notes
- Masterplan boundary phase 1
  - Masterplan boundary phase 2



Drawing no. **BQ-E-SP-000** Revision **B**  
 Drawing title **Byron Quarter Existing site plan**

Project	Byron Quarter		
Client	Harrow Council		
Drawn	AT	Checked	
Date	15.03.19	Status	Preliminary
Scale @ A1	1:750	Scale @ A3	1:5000

**BUILDING A BETTER HARROW**

# HARROW COUNCIL

## INFORMATION MEMORANDUM



# Introduction

**Harrow Council is seeking a Strategic Development Partner (the Partner) to deliver its regeneration ambitions across the Borough.**

This substantial opportunity spans three sites in the Harrow & Wealdstone area and includes the potential to deliver over 1,400 residential units and a new civic centre.

The Harrow Strategic Development Partnership (HSDP) has the potential to develop additional opportunities beyond the specified 'Core Sites' as identified within this document.

This memorandum comprises a guide for interested parties, providing an overview of the Council's vision and objectives, the commercial principles underpinning the HSDP and a summary of the proposed procurement process.



**Byron Quarter  
(Phase 1)**

**Poets Corner**

**Peel Road**

Indicative boundary

# Foreword

*It's time for us to get building.*

It gives me great pleasure to bring forward three of Harrow's most desirable, exciting and important development sites. Our search for a partner to work on them is the culmination of years of work – and years of consultation and discussion on the doorsteps of our residents.

Put simply - the people of Wealdstone want and need more good quality, affordable homes and the prosperity that good quality development can bring to a rejuvenated town. We've put in the hard yards here at the council – we have Cabinet approval and a clear strategy.

All we need now is the right partner with the experience, expertise and commitment to see these projects through – and to share our aspirations for what we believe Wealdstone can become.

I look forward to working with you

**Keith Ferry**

Harrow Council Deputy Leader



*In Harrow Council, you will find a partner that is ambitious, 100% focused on delivery and completely committed to the best outcomes for local people.*

These are serious and significant projects in terms of what they can do for the people and the opportunities available in this undervalued and underappreciated, but important, part of London. I know there is keen interest in working with Harrow and delivering regeneration and development for Wealdstone. In my career I have overseen some extraordinary projects, which have had a direct impact on people's lives. They have only been delivered successfully by building long-term relationships.

I look forward to forging new relationships and a new partnership for the future here. We are now ready to do that, with the right organisation – and I am pleased and proud to be preparing to deliver this ambitious vision for Wealdstone.

**Paul Walker**

Harrow Council Corporate Director

# The Opportunity

The Council is seeking a Partner to deliver the innovative regeneration of the Core Sites comprising Poets Corner, Peel Road and Byron Quarter (Phase 1), all held freehold by the Council.

The Core Sites are situated in close proximity to Harrow & Wealdstone Underground and Mainline Station (London Overground, London Northwestern Railway, Southern and Bakerloo Line), and also benefit from an extensive local bus network and are situated close to both the M1 and M40. The Core Sites are considered prime for redevelopment and it is anticipated that their strategic locations within the Borough will have significant wider regeneration benefits across Wealdstone Town Centre.

The Council hope this development will encourage further high quality development by others in the immediate location and wider Harrow area.

The Council is seeking a Partner who will enter into a 50:50 partnership with them. Beyond the Core Sites and subject to viability thresholds being met, there will be potential to draw additional opportunities into the HSDP. A pivotal aim of the partnership will be the re-provision of the civic centre which will enable the redevelopment of Poets Corner for alternative uses. The preferred partner will hold the financial capabilities, technical resource and experience to support the Council and proactively facilitate the delivery of this project.

## **Harrow New Civic**

A core objective of the HSDP is the delivery of a new Civic Centre (Harrow New Civic). It is the Council's preference that this is delivered on Peel Road, but the Council accepts the need to adopt a flexible approach to ensure that the most effective delivery strategy is adopted.

# Poets Corner



Poets Corner is the Council's flagship regeneration project. Situated immediately to the south of Harrow and Wealdstone Station, the site currently comprises the existing civic centre and extends to c. 11.4 acres.

The Council has aspirations for a high quality, residential led development on this site.

The site is owned freehold by the council and is bounded by the Marlborough Hill, Railway Approach and Milton Road.

# Peel Road



The site currently comprises Peel House Car Park and the existing ashram temple which is being re-provided on an adjacent site by the council. It is situated immediately to the north of the station and extends to approximately 1.4 acres.

The Council have a strong preference that Harrow New Civic is delivered upon this site. Alternative proposals for the site suggest the capacity for 100-150 residential units alongside commercial and community provision

should the new civic building be delivered on an alternative Core Site.

The site is owned freehold by the council and is bounded by Canning Road, George Gange Way and Gladstone Way.

# Byron Quarter (Phase 1)



Byron Quarter currently comprises the Harrow Leisure Centre, Harrow School of Gymnastics, the Harrow Bowls Club and the former driving test track.

It is situated in the corner of Byron Recreation Ground in Wealdstone. The Byron Quarter Masterplan covers the regeneration of this area comprising new residential and leisure facilities and extends to 19.3 acres.

This procurement exercise considers Byron Quarter (Phase 1) only as outlined in green. This is situated in the south eastern corner of the Masterplan area, extending to 3.7 acres.

The sites holds the potential for extensive residential and community led regeneration and all proposals for Phase 1 must be reflective of the need to integrate into the future development of the wider Byron Quarter.

The wider scheme has the potential to be drawn down at a later stage through agreement between parties.

The site is owned freehold by the council and is bounded by Stuart Road, the Byron Recreation ground, the Belmont Trail and Christchurch Avenue.

# The Council's Objectives

The Council has ambitious plans for growth and development as part of its Build a Better Harrow campaign which seeks to 'improve lives, provide jobs, enhance conditions for business and energise Harrow as a place'.

The major role of the Partner will be to work alongside the Council to deliver regeneration, new homes, social and economic benefits and a sense of place across the Core Sites.

The Council's explicit objectives are as follows:

- ▶ Use existing and new property assets to **optimise value for the Council**.
- ▶ To contribute to the **delivery of well designed, high quality places** that make a difference for communities, businesses, residents and families both now and in the long term.
- ▶ To deliver **wider regeneration across the Borough** via new and improved mixed tenure housing, civic and community facilities, new employment space and the enhanced use of property assets within the Borough.
- ▶ To accelerate the **pace of housing delivery** across the portfolio of sites.
- ▶ To secure **wider economic and social benefits** for local residents, including skills and training, health improvement and new employment opportunities.



# Local Area

The Core Sites are extremely well located for public transport, situated close to Harrow and Wealdstone Underground and mainline station (London Overground, London Northwestern Railway, Southern and BakerlooLine), with fast trains into London Euston in a journey time of just 14 minutes. Harrow is also well located for road transport being in close proximity to the M1 and the A40 (M40).

Harrow is an extremely desirable investment location. Once an Iron

Age settlement and a medieval manor, Harrow owes most of its built environment to the Metroland expansion in the interwar period. The borough is characterised by its large number and quality of parks and open



spaces, its connectivity by rail and Tube to central London and the diversity of its people.

Harrow is a majority Asian ethnic borough, with more different faiths practised, and more different places of worship, than any other local authority area in the UK. Harrow is frequently named the safest London borough, the best London borough to raise and educate a child and the best London borough for small businesses.



# Planning Context

## Harrow Core Strategy

The Harrow Core Strategy (Adopted February 2012) is a key part of the Local Plan which sets out Harrow's strategic approach to managing growth and development through to 2026.

Specifically, the Harrow and Wealdstone (AAP) (Adopted July 2013) contains detailed standards and policy criteria which will be utilised when determining planning applications with the Harrow and Wealdstone Opportunity Area. The Area Action plan has been developed to ensure that the anticipated scale of change importantly meets the aspirations of both the local community and the Council.

The 'Heart of Harrow' has been identified to encompass the two town centres of Harrow and Wealdstone, the Station Road corridor linking the two centres and the industrial land and open space surrounding Wealdstone. This area has been identified by both the Council and the Mayor of London as a priority area for regeneration and an Opportunity Area.

The current London Plan (Adopted March 2016) identifies Harrow and Wealdstone as Opportunity Area 14.

Capacity exists to deliver substantial employment growth through an uplift in retail, office and hotel development within the town centres and the intensification of industrial and other business use within the Wealdstone Industrial Area. There is also scope to accommodate a substantial portion of the Borough's future housing need through the delivery of higher density residential and mixed use development on key strategic sites and renewal areas where development is matched by investment in infrastructure and achieves high standards of design and sustainability'.

The 2013 AAP includes specific guidance (including target housing outputs) for key development opportunity sites within the area, including the Core Sites. Since the AAP was adopted, amendments to the London Plan in 2015 increased the overall housing target for Harrow. The draft New London Plan (2017) proposes to increase the overall borough target even further. The London Plan

forms part of the borough's overall development plan against which planning applications are assessed, the other part being the Harrow Local Plan (including AAP). The Local Planning Authority will consider applications relating to the Core Sites having regard to the increased / more recent housing targets in the current and proposed London Plan, as well as

the policies in the adopted AAP and Local Plan generally.

There is an extant planning permission for Peel Road (P/573/17) for the development of a 9,362 sq m office and civic building and a building for a place of worship with ancillary residential use.

## Commercial Principles

The Commercial Principles are that a partner is sought with:

- ▶ The experience, resources, expertise, vision and aligned mission to bring forward this opportunity at pace.
  - ▶ The skills to develop commercially viable and deliverable planning applications for the Core Sites.
  - ▶ Ability to prepare an overarching business plan to guide the approach to delivery within the context of an agreed financial model.
  - ▶ The skills, resources and track record needed to confidently deliver opportunities of this nature and be a successful strategic development partner to the Council.
- ▶ The necessary financial resources and proven ability to finance developments of similar scale and nature.





**Byron Quarter  
(Phase 1)**



**Poets Corner**



**Peel Road**



Indicative boundary

# Required Services from the Strategic Development Partnership

It is envisaged that the Partner will undertake some or all of the following activities in order to achieve the project objectives:

- ▶ Provision of development management services as required to enable the delivery of development
- ▶ Land acquisition (where necessary) and land assembly
- ▶ The construction and master planning design process
- ▶ Development of the residential aspects of each site (including any ancillary commercial space if applicable) and on-going master planning of each site
- ▶ Provision of Harrow New Civic;
- ▶ On-going consultation and communication with stakeholders;
- ▶ Obtaining planning consents;
- ▶ Commissioning construction phases and entering into appropriate construction contracts;
- ▶ Entering into development management contracts and housing estate management and maintenance contracts in relation to the Site;
- ▶ Marketing and managing sales of those phases within each site which are deemed to be appropriate for sale by the Partnership and entering into any necessary sales agency contracts and consultancy contracts in accordance with an agreed procurement policy;
- ▶ Where agreed, making arrangements for the long term ownership of PRS or commercial units constructed on each site to allow rental income to be retained by the Partnership as a strategic investment;
- ▶ Entering into legacy arrangements for the long term management and maintenance of the sites;
- ▶ Identifying new opportunities for the Partnership and preparing feasibility reports and plans for any such opportunities; and
- ▶ Securing financial support including any applicable public sector funding (where applicable).



# Procurement Process

The tender is being undertaken following the Public Contracts Regulations 2015. Interested parties must complete and submit a Standard Selection Questionnaire (SSQ) electronically via the Council's Tender Portal [www.londontenders.org](http://www.londontenders.org). Please note that parties will need to register as a supplier on the Portal in advance in order to submit a response. The entire SSQ submission will be in electronic format via the portal.

Enquiries regarding access to the Portal should be emailed to [lisa.taylor@harrow.gov.uk](mailto:lisa.taylor@harrow.gov.uk). All other queries and clarifications should be submitted via the Portal messaging function. Clarification responses will be provided to all interested parties via

the Portal within 5 working days where possible.

Following the SSQ process, a short-list of up to a maximum of five will be informed in August 2019 and will be invited to proceed to Outline Solutions Stage (ISOS), also commencing in August 2019. Following this, a final short-list of parties will be determined and a third stage, detailed solutions will commence, after which final tenders will be submitted.

**Please note** this timetable is provided as a guide, and whilst the Council aims to adhere to it, it reserves the right to amend the timetable at any time.

Name	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	March	April
Cabinet Approval for procurement process	■											
Selection Questionnaire to short-list bidders issued		■	■									
Short-listed bidders invited to submit outline solution				■	■	■						
Short-listed bidders invited to submit more detailed solutions							■	■				
Following dialogue - final submission issued by bidders									■	■		
Evaluation & Selection of Preferred Bidder										■		
Cabinet Approval for preferred Bidder												■

Key Event	Indicative Date
<b>Stage 1 - SSQ</b>	
OJEU Notice Submitted	June 2019
Return of SSQ	July 2019
<b>Stage 2 - Outline Solutions</b>	
Invitation to Submit Outline Solutions (ISOS)	August 2019
Submission of Outline Solutions	October 2019
<b>Stage 3 - Detailed Solutions</b>	
Invitation to Participate in Detailed Dialogue	November 2019 - January 2020
Closure of Dialogue	January 2020
<b>Stage 4 - Final Tenders</b>	
Invitation to Submit Final Tenders (ISFT)	January 2020
Submission of Final Tenders	February 2020
<b>Stage 5 - Selection</b>	
Notice of Intention to Award	Spring 2020

## Further Information

The Council has established a dedicated website for the opportunity, which includes a link to publicly available documentation, as well as site and surrounding area photographs. This is available at [www.harrowregeneration.co.uk](http://www.harrowregeneration.co.uk)

The following further information is also available on the Council Tender Portal [www.londontenders.org](http://www.londontenders.org)

- ▶ OJEU Notice
- ▶ SSQ
- ▶ Clarifications raised and responses
- ▶ Draft Invitation to Participate in Dialogue document
- ▶ Site plans

A comprehensive technical pack of information will be made available to short-listed parties through the Portal following successful progress from the SSQ stage.

## Viewing

There are no organised site viewings prior to the SSQ submissions. Formal site inspections will be by appointment only on specified dates and will be held after successful progress from the SSQ stage to the ISOS short-list.

## Commercial advisors

[Ishdeep.Bawa@avisonyoung.com](mailto:Ishdeep.Bawa@avisonyoung.com)  
+44 (0)20 7911 2657

[kimberley.grieverson@avisonyoung.com](mailto:kimberley.grieverson@avisonyoung.com)  
+44 (0)20 7911 2895

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## 4. Final Tender Questions

- 4.1 Bidders are required to submit their Final Tenders on the basis of the solution presented and specified during the ISDS Stage.
- 4.2 The Final Tender questions are as follows:

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## 1 – Partnership and Governance – 10% of Total Mark

For Final Tenders, the Council will be requiring a more advanced and detailed proposal in response to this question which should be prepared and submitted on the basis of the solutions discussed and presented during dialogue. The response should set out clear commitments and proposals capable of being put into action on inception of the HSDP.

### Q.1.1 Strategic Leadership, Partnering and Accountability Approach

5% (Available Scores 0-10)

The Council is seeking a strategic development partner (the Partner) that is able to work collaboratively and will put in place structures to deal with issues in a proactive and responsive manner with a single point of contact and accountability.

Effective strategic leadership and partnering will be key factors for the successful management and working of the Harrow Strategic Development Partnership (HSDP).

Please set out your proposal and approach to form an effective and collaborative partnership with the Council at a strategic management level to ensure the successful implementation of the agreed Overall delivery strategy for this opportunity as is consistent with your response to Q3.1.

The response should incorporate the strategic leadership and partnering approaches as well as the operational management and resourcing approaches and demonstrate how strategic management and operational delivery management structures combine, operate and integrate in an effective way.

Based on solutions discussed and presented during dialogue and taking into account the additional points below, please set out a more detailed proposal and approach to form an effective and collaborative partnership with the Council across strategic management and operational management levels to ensure the successful implementation of the agreed delivery strategies across the Core Sites.

Your response should include the provision of a 'Partnership Charter' outlining the guiding principles of Member behaviour under the Members Agreement and to provide the Council with a better understanding of how the Bidder intends to conduct its future relationship with the Council.

Your response should address the following key issues:

#### **Key Issues**

- Demonstrate an understanding of the Council as a public body, including the Council's fiduciary duty to ensure the Council utilises funds in a careful and prudent manner. Bidders should identify how they will assist the Council in this regard;
- Demonstrate that your approach will lead to successful delivery;



- Provide a description of your leadership management and governance structures including key points of contact and the roles and responsibilities of the individuals (including proposed HSDP board members and senior project executives). This should include detailed consideration of your proposals for the operation of the Strategic Development Partnership Board, from establishment through to day to day running.
- Identify how the structure will operate in practice throughout the scheme to actively engage and involve the Council in project progress and responsive information sharing; development of strategic approaches and the decision making process.
- Demonstrate lines of escalation and availability which demonstrate accessibility, accountability and commitment to resolving issues.
- Show the approach is cognisant of the complexities of developing the Core Sites.

Further, responses should include, but not necessarily be limited to, the following:

- Your proposal to form an effective and collaborative partnership with the Council;
- Your approach to dealing with issues (including escalation processes) in a proactive and responsive manner;
- Details of the single point of contact at the Bidder;
- CVs for all key personnel;
- An organogram (if appropriate) to assist in illustrating the structures and relationships.
- Your approach to accountability; and
- Details of how this proposal will ensure the successful implementation of the agreed delivery strategy for the opportunity including the roles to be played by key personnel.

*Your response must not exceed 10 x A4 pages and may include images and diagrams. CVs will not form part of this limit but each CV should not exceed 2 sides of A4.*

### **Q.1.2 Operational Management Resourcing**

5% (Available Scores 0 - 10)

The successful operational management to oversee the delivery of the Project will require relevant skills, expertise and resources. Senior level commitment is considered paramount to the success of the HSDP.

Bidders should note that:

- should any of the identified personnel leave the project team as a result of changing

employment, they must be replaced with a new team member with comparable experience and capability and the same job role. The procedure for changes to the project team will be agreed within the legal documentation; and

- it is envisaged that the Partner will provide Development Management Services to the HSDP.

Your response should address the following key issues:

### **Key Issues**

The Council expects Bidders through their response to this Question to demonstrate that the proposal meets the following requirements:

- indicates robust capacity across the Partner organisation and demonstrates how support and buy-in for the project will be sustained in the Partner's organisation;
- shows a suitable range of competency, continuity and management structures to oversee the delivery of the range of services, works and objectives across the Core Sites and Community Facilities. This should include the roles they will play and the methods of working they will adopt;
- gives a balanced approach to efficiency and adaptability meeting fluctuating project demands.

Further, Bidder responses should include, but not necessarily be limited to, the following:

- A description of the key skills and expertise of the professional teams and advisors that will need to be assembled to manage and co-ordinate the delivery of the Core Sites and Community Facilities.
- Demonstration that the Bidder has a proposal with robust capacity, a suitable range of competency, continuity and management structures to oversee the delivery of the range of services, works and objectives across all phases whilst being balanced with efficiency and adaptability in meeting fluctuating demands.
- How you will involve and actively engage with the Council in the operation and continuity of the management and governance structures. This should include how you will achieve continuous improvement, adaptability and cultural alignment over the course of the scheme's duration. Your responses should also include how changes to key personnel will be managed to ensure project continuity and quality of individuals. Comments on the relationship with the Council's elected members and existing governance structures should also be considered.
- How the resource plan will ensure quality of service, reliability, capacity, availability, commitment and value for money for the HSDP for both services delivered by your bidding consortium members and internal resources as well as through the engagement of third party supply-chain providers and advisors.

- Provision of a management and resource plan which sets out staffing and resourcing from the Bidder directly and also what services are anticipated to be sourced via a third party in accordance with the HSDP Procurement Policy as outlined in the legal documentation. Clarity on the operation of each resource and the distinction between roles should also be provided.

*Your response must not exceed 10 x A4 pages and may include images and diagrams.*

*CVs for operational leads may be included within the submission. This is in addition to the word count stated.*

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## 2 – Strategic Vision, Design and Placemaking – 20% of Total Mark

### Q.2.1 Overall Vision and Aspiration

10% (Available Scores 0 -10)

For Final Tenders, the Council will be requiring a more advanced and detailed proposal in response to this question which should be prepared and submitted on the basis of the solutions discussed and presented during dialogue.

Bidders should develop proposals to a level of detail capable, in the case of the Preferred Bidder, of forming the basis for the scheme to be refined by the HSDP, and then submitted for planning permission.

As is outlined within the Council Objectives as defined within the Member's Agreement there is a clear focus for the HSDP to deliver *"well designed, high quality places that make a difference for communities, businesses, residents and families both now and in the long term."* This is at the core of the Council's approach to placemaking across the borough and will be a guiding principle through the life of the HSDP.

This approach is embedded within the documents identified below which Bidders should have regard to when responding to this question.

These documents are contained within the Data Room, save for the planning application which is available via the Council's planning website.

- Harrow Local Plan Core Strategy (February 2012)
- Supplementary Planning document on Planning Obligations and Affordable Housing
- Statement on Harrow's approach to assessing the affordability of shared ownership
- Climate Change Strategy (2019 – 2024)
- The Council's Declaration of Climate Emergency: resolved 18<sup>th</sup> July 2019
- Wealdstone Public Realm Design Guide (2017)
- London Borough of Harrow Street Design Guide: for new residential street (2016)
- Harrow and Wealdstone Area Action Plan (July 2013)
- GLA Town Centres SPG (July 2014)
- Shaping Neighbourhoods: Character & Context, SPG (June 2014)
- Shaping Neighbourhoods: Accessible London, SPG (October 2014)

- Peel House Car Park planning application  
<http://www.harrow.gov.uk/planningsearch/lg/GFPlanningSearch.page>

### **Key Issues**

The Council expects Bidders through their response to this question to show an understanding of:

- The unique historic and existing context;
- The existing demographic, and aspirations of existing local residents, businesses and other stakeholders;
- Integration with both the existing and emerging townscape;
- Delivery within a complex urban setting;
- The changing nature of uses across town centres;
- The growing demand on local services and infrastructure.

Further, responses should include, but not necessarily be limited to, the following:

- An overall vision and aspiration for the development of the Core Sites and how they will have a positive impact on the wider area;
- The creation of places in which people want to live, which will remain functional, relevant and sustainable in occupation and use over the long term;
- The approach to ensuring consistently high quality design;
- The role of open space, play and informal recreation and the public realm and the approach to be followed;
- A response to the position of the school which is cognisant of any associated safeguarding issues. Where a solution is proposed with the school forming part of a mixed use building precedent images should be provided as an appendix to this question. The appendix should be no more than 2 x A3 images;
- The delivery of high quality HNC building (Bidders should have regard to the HNC Strategic Brief). In addition, Bidder's responses should contain schematic drawings for the Harrow New Civic to a detail level consistent with RIBA Stage 2;
- Have regard for the Council's Climate Change Strategy (2019-2024) and the Council's aspiration to promote low-carbon living and minimise future energy costs for residents, together with the Council's Declaration of Climate Emergency and its aim to make the borough Carbon Neutral by 2030.

- 
- Maximising affordable housing within the constraints of cost neutrality
  - Approach to density ranges, home type and tenure across the Core Sites including specifically how it meets local demand and the approach to genuinely affordable housing for Harrow residents. This should include:
    - proposals as to tenure, affordable housing products and rental levels;
    - approach to integration of affordable housing;
    - strategy for long term management of these uses.
  - Development of a site-wide commercial strategy; and
  - Identification, mitigation and management of physical site constraints, including, but not limited to, utilities, daylight and sunlight, view corridors, flooding and drainage and transport infrastructure.

The masterplan should demonstrate that the Council's Objectives will be met, adhere to the design considerations set out above and reflect the feedback provided in dialogue sessions.

Bidders should also make clear which elements of its overall design approach are considered integral to the realisation of its vision for the Project, and which aspects may be capable of flex without compromising the overall approach.

*Your response must not exceed 15 x A4 pages and may include images and diagrams plus a further 20 x A3 pages of images.*

### **Q.2.2 Phasing Strategy & Project Programme**

5% (Available Scores 0-10)

Sequencing across the Core Sites is critically important to ensure the delivery of the Council Objectives around the pace of housing and the need for wider regeneration across the Borough.

The interplay of the three Core Sites is key and needs to be carefully considered by Bidders.

Based on solutions discussed and presented during dialogue please provide your detailed phasing strategy to bring forward developments across the Core Sites.

Bidder's submissions in respect of this question should be consistent and complementary to their overall submission and in particular their financial model.

The phasing strategy should emphasise how the Bidder proposes to secure the early realisation of step-change in the quality of the environments across the Core Sites and contribute to the wider regeneration of Harrow and Wealdstone.

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**Key Issues**

Responses should include, but not necessarily be limited to, the following:

- Phases which are considered catalytic or as an accelerator for the wider development or maintain development momentum;
- How phasing could contribute positively to enhancing placemaking and asset value through the sequence of developments;
- Sequencing of the delivery of the HNC that minimises the Council's borrowing requirements and helps to achieve cost neutrality;
- Sequencing of the delivery of affordable housing and how this relates to achieving cost neutrality;
- Recognition of site specific constraints of the Core Sites;
- Strategy for the provision of interim and meanwhile uses, activating spaces through the construction period; and
- A detailed phasing plan, demonstrating the proposed sequence of development and land use per phase.

*Answers to this question must not exceed 8 x A4 pages plus a further 10 x A3 pages of images.*

**Q.2.3 Community and Stakeholder Engagement**

5% (Available Scores 0-10)

Engagement with both the community and key stakeholders will be critical to the success of this Project and is a core priority for the Council.

Bidders should provide their detailed community and stakeholder engagement strategy based on solutions discussed and presented during dialogue.

**Key Issues**

The Council expects Bidders through their response to this question to:

- Demonstrate an understanding that the Borough has a number of diverse community groups; and
- Demonstrate an understanding that engagement must be appropriate and tailored the issues of those specific groups.

Further, Bidders' responses should specifically cover the following:

- Identification of key community and stakeholder groups;
- Approach to engagement with key third party landholders and leaseholders;
- The approach to Council staff, resident and community engagement to ensure continual appropriate engagement and inclusion of views from those parties who are less likely to engage to ensure the views and opinions of all key stakeholders are understood. This is to include specific detail on:
  - how engagement will be carried out;
  - the methods utilised;
  - the process for ensuring feedback is effectively incorporated into proposals.
- Strategy for national, local and regional government engagement; and
- Approach to engagement regarding the key issues identified as a result of the community engagement session including how any concerns will be mitigated and managed.

Bidders' responses should include details of specific initiatives that will be undertaken as part of stakeholder engagement, including both formal and informal involvement.

They should also include an analysis of the key aims of engagement with each stakeholder group and an explanation of the how the proposals will achieve these aims. This should take the form of a structured stakeholder analysis and communication plan.

*Your response must not exceed 8 x A4 pages.*



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## 3 – Project Delivery 10% of Total Mark

### Q3.1 Overall Delivery Strategy

5% (Available Scores 0 -10)

For Final Tenders, the Council will be requiring a more advanced and detailed proposal in response to this question which should be prepared and submitted on the basis of the solutions discussed and presented during dialogue. The response should set out clear commitments and proposals capable of being put into action on inception of the joint venture.

The Council is acutely focused on the delivery of the Core Sites and Community Facilities and has made commitments to the local community in this regard.

The Council requires Bidders to submit a detailed and resilient overarching delivery strategy explaining how they will organise and manage the delivery process, to achieve the project objectives within an optimal timeframe.

#### **Key Issues**

Please provide your detailed Overall Delivery Strategy for the Project, demonstrating how it will be delivered in a cost effective manner and to a high standard, adding value within an optimal timeframe.

Further, your response should include, but not necessarily be limited to, the following:

- Achievement of the Council Objectives as stated within the Information Memorandum;
- The structure and nature of the proposed Bidder's internal project team, which will support all aspects of the delivery of the Project, and the roles they will fulfil to ensure delivery;
- Provide a Gantt chart programme describing the delivery milestones across the Core Sites. This should demonstrate delivery in as short a timeframe as is realistically possible, subject to the Council Objectives in general and in consistency with answers submitted in response to the other ISFT questions;
- Key tools, techniques and approaches which will be utilised to ensure delivery;
- A cost effective approach to the delivery of the HNC that delivers the Councils requirements for a cost neutral financial solution to the delivery of the HNC;
- The approach to delivering genuinely affordable housing;
- Approach to long term asset management;
- Sales and marketing strategy with a particular focus on local residents in respect of residential uses. The response should cover both commercial and residential uses.;
- How opportunities for meanwhile uses that further the Council Objectives will be identified

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and delivered; and

- Provide a detailed project risk register identifying delivery risks and demonstrating how they will be minimised and mitigated.

Bidders should also describe any other elements of their delivery strategies which they consider will enhance their response.

*Your response must not exceed 12 x A4 pages and may include images and diagrams and 3 x A3 page project programme and 2 x A3 page risk register.*

### **Q.3.2 Planning Strategy**

5% (Available Scores 0-10)

For Final Tenders, the Council will be requiring a more advanced and detailed proposal in response to this question which should be prepared and submitted on the basis of the solutions discussed and presented during dialogue. The submission will take the form of a detailed proposal forming part of a draft Business Plan.

Obtaining planning consent across the Core Sites is critical to the overall success of the HSDP and an understanding of the necessary policy context, both existing and emerging is important.

#### **Key Issues**

Please provide an outline of your proposed 'Planning Strategy' to include the type of the consent to be sought and the reasons for this approach. Bidders should demonstrate why their proposals in this regard will improve the prospect of securing planning consent. Bidders' planning strategies should include the approach across the Core Sites.

Bidders should include in their submission their approach to the resident and stakeholder engagement and planning obligation elements of the planning process, and to the discharge of planning conditions.

Bidders should note it is likely that developments will need to feed into a District Heating Network; further detail is provided in the District Heating Network Guidance Note which can be accessed on the Portal.

For the purposes of the procurement Bidders should assume that they will be required to provide an on-site heat source together with an ability to connect at a later date as above.

Bidders should outline in their submission the components and method of their approach for achieving this and how it interacts with their overall proposals for development and meets the Council's overall objectives including the requirement for sustainability.

There are a number of supporting planning documents which can be found in the Data Room which Bidders should have regard to when answering this question.

Further, responses should include, but not necessarily be limited to, the following:

- key planning policies considered relevant to the Project and why, together with how Bidders' proposals meet and interact with these policies;
- Identification of the key planning risks in delivering your approach and a mitigation strategy for each;
- Strategy for delivering a successful planning application considering the above, and detailing the steps required to achieve this;
- Strategy for successful engagement in support of the planning process with the Council and the GLA;
- A detailed programme of activity required to secure the necessary permission, including a clear timetable alongside each element of the planned activity showing critical paths/dependencies;
- Where tall buildings are proposed details of their approach and strategy to include high quality design, environmental (wind, daylight/sunlight etc.) and visual impact assessments; and
- How the vision and delivery strategy has been influenced by your identified planning strategy, demonstrating a link between the timetable for implementing the planning strategy and the overall delivery strategy.

*Your response must not exceed 10 x A4 pages. A Gantt chart is expected and may extend to 2x A3 pages.*

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## 4 – Social Value – 10% of Total Mark

For Final Tenders, the Council will be requiring a more advanced and detailed proposal in response to this question which should be prepared and submitted on the basis of the solutions discussed and presented during dialogue. The response should set out clear commitments and proposals capable of being put into action on inception of the joint venture.

In January 2013 The Public Services (Social Value) Act 2012 (the "Social Value Act") became law. The Social Value Act requires the Council to consider how we can improve the economic, social and environmental well-being of our area through the procurement processes for services contracts subject to public procurement regulations.

In line with public procurement regulations the Council has also adopted a "Social Value Policy" that builds upon the Social Value Act to include a requirement for the Council to consider how it can improve the economic, social and environmental well-being of the area through all Council procurements and to measure the benefits that this brings to the communities it serves.

The social value agenda is a high priority for the Council, with the adoption of the Social Value Policy by the Council's Cabinet in January 2016 and the updated Social Value in Procurement Cabinet Report September 2017. The adoption of the Harrow Regeneration Strategy in December 2014 demonstrated the Council's intention that Harrow's community and businesses would benefit from the regeneration of the borough.

The delivery of this contract will assist in the achievement of the Council's key priorities and objectives around social, economic and environmental sustainability as described below:

- Skills and employment: Ensure Harrow residents (including those not in employment) benefit from the jobs created by the regeneration programme, are advised of new employment opportunities resulting from delivery of this contract so that they have the free and fair opportunity to compete for those opportunities. This can include working with the council, further education colleges and community groups to promote opportunities.
- To work with the Council to create new apprenticeships, training, placements and/or other skills development opportunities created through this contract;
- An Employer Guide to Apprenticeships can be found at <https://www.gov.uk/take-on-an-apprentice>
- To provide college/school talks on the career and employment opportunities resulting from this contract.
- Developing local supply chains: Ensure suppliers based in Harrow are advised of sub-contracting and supply chain opportunities which result from delivery of this contract, in the same way as other suppliers have the opportunity to compete for those opportunities. Ensure sub-contracting arrangements enable SME's to compete for contracts.
- Environmental considerations: The delivery of this contract will promote greater environmental sustainability, ensuring issues relating to climate change, energy generation, heat transmission, re-use and re-cycle, waste, carbon emissions, energy, water, pollution, and biodiversity are addressed;

- Capacity building support for voluntary and community organisations: Working with the voluntary sector to build capacity in the areas in which they need help including IT, governance, collaboration, generating income, financial and management issues, and volunteer management. Supporting diversity through working towards a more representative sector/designing for different needs, as the built environment professions continue to suffer from under-representation of women, BAME, disabled people and other protected characteristics under the Equality Act.

The three sites proposed and the developments within each, including new housing, will bring social, environmental and economic benefits to their respective local areas. The new developments should maximise the potential social value benefits to their local community during the development lifecycle, considering benefits to existing residents, new residents, businesses and other stakeholders in the local area as well as those expected to use the new development.

Delivering social value in Harrow is at the heart of everything the Council does and is fundamentally about achieving maximum value. 'Value' doesn't simply mean the best price, but rather looks at the wider context of achieving greater economic, social and environmental benefits for the local community.

#### **Q4.1 Social Value Method Statement**

10% (Available Scores 0 -5)

##### **Key Issues**

Bidders are required to provide a detailed 'Social Value Method Statement' which will set out a detailed, relevant, deliverable and measurable plan to meet the Council's Social Value Objectives across the full development cycle.

In drafting their 'Method Statement' Bidders should comply with the following documentation contained within the Data Room:

- SDPH – Social Value Action Plan;
- Social Value Background Information 2018;
- Social Value Guidance;
- Social Value Policy.

The 'SDPH Social Value Action Plan' ranks the Council's priority requirements and the measures in this document should be incorporated into your response.

Further, responses need to include, but not necessarily be limited to, the following:

- A detailed outline of each benefit (including targets, where appropriate, to details, figures and level of commitment) and how it will benefit Harrow;
- Implementation process for each benefit including how and when it is to be delivered, how the process will be managed, monitored and reported back to the Council. This should include firm evidence showing that the proposed benefit is realistic and deliverable;
- Response should be SMART (Specific, Measurable Achievable Relevant & Time bound);

- Bidders should identify any areas of expertise, the provision of which is reliant on subcontractors or partnership arrangements and how this will be managed.
- Detail how the Bidder will work with relevant Harrow Council, Harrow Community Voluntary Sector organisations and groups and other organisations and businesses, including existing training and infrastructure providers.
- Clarity on the funding approach to the social value workstream, indicating the sources of funding and any outside providers on whom success is dependent.
- Commentary on the wider economic development impacts of the developments and how the Bidder's proposal will shape these.

Your response must not exceed 12 x A4 pages and may include images and diagrams. The Social Value Method Statement will form part of the Overarching Business Plan appended to the Members' Agreement and will form the basis for tailored Phase specific Method Statements which will feed into the Phase Business Plans. The HSDP will be required to comply with these Business Plans over the life of the partnership.

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## 5 – Finance and Business Planning – 40% of Total Mark

### **Q5.1 Financial Model and Overall Returns - Provide your Financial Model demonstrating the estimated total returns to the Council and confirming required financial metrics.**

25% (Available Scores 0 -10)

The Council's financial objectives are to generate sufficient returns to achieve a cost neutral position with respect to their funding of the HNC to be delivered by the HSDP and generate surplus receipts to reinvest in Council services. Cost neutrality in relation to the delivery of the HNC is a minimum expectation, achieved by positive financial returns from the Core Sites and this should be reflected in the Bidder's Financial Model.

#### **Bidders will continue to be assessed on a pass/fail basis in relation to cost neutrality**

The Council is also seeking to maximise the level of revenue that can be utilised to contribute to their medium and long-term financial strategy.

Bidders are required to submit financial proposals in respect of the HSDP reflecting their commercial proposals. Bidders are required to prepare a Financial Model based on the quantum, quality and phasing to be undertaken by the HSDP and this should reflect the responses provided in the qualitative sections of Bidder responses. The Financial Model should identify anticipated infrastructure costs, phasing, development costs etc. which in turn will inform the level of phasing equity together with the quantum of phasing of senior debt / development finance required by the HSDP to take forward development activity. Bidders should grow/index values and costs at 2.5% for the purposes of the base case modelling and evaluation.

Should Bidders consider that expectations of growth/inflation differ from the set values, these should be captured within the sensitivity analysis that will be required as part of Bidder submissions. Commentary should be provided setting out the potential implication on the outputs. Alternative versions of the model/model outputs using these assumptions may be submitted for information only.

As part of the submission, Bidders must supply an Excel model (detailing the finances of the proposed HSDP) to include the following:

Total returns to the Council, the Partner and the HSDP distinguishing between capital and revenue;

- A summary of the assumptions included in the model;
- A full consolidated annualised cash flow by Council financial year (1st April – 31st March) for the duration of the HSDP to include sites proposed to be included on establishment of the HSDP;

- The proposed programme of delivery including quantum, typologies and timescales;
- Profile of coupon payments and loan repayments;
- Land value consideration for the development sites;
- Council Financial Template (see below).

### **Key Issues**

The Council's key requirements when assessing this question will be to consider the following for the submitted Financial Model for the Core sites:

- Cost neutrality (as described below) and the ability to minimise the requirement of any impact on the Council's General Fund in relation to funding and financing the HNC;
- Deliverability of the financial and commercial propositions and assumptions;
- Ability to deliver early capital and sustainable long term revenue receipts;
- Ability of the proposals to maximise the Council's land value and surplus receipts after funding of the HNC;
- Sensitivity and robustness of the returns proposed in the submission to changes in market conditions;
- How the submission minimises the likelihood of viability issues; and minimisation of the Council's peak exposure;
- How proposals will maximise returns whilst minimising overall risk exposure.

### **Cost Neutrality**

One of the Council's underlying commercial principles is to ensure that the HNC comes at no cost to the Council's General Fund budget. The capital and revenue returns that are received from the HSDP will need to be sufficient to fund the Council's borrowing and finance cost in relation to the HNC build.

In order to demonstrate cost neutrality Bidder responses will need to ensure that the returns from the HSDP cover the annual financing charge of the HNC. The Council's financing cost is made up of two elements:



- Interest costs
- Minimum Revenue Provision (MRP) - this is a charge to the general fund to fund the capital repayment of any borrowing related to the HNC. It is calculated on an annuity basis, based on the opening balance in the period and the remaining life of the asset.

In overall terms the equation for cost neutrality can therefore be considered as:

**HSDP Returns (from Loan Note A1 and Equity) – Cost of HNC – Interest Costs > 0**

HSDP Returns from Additional Loan Note B are not applied to fund the HNC build but are put aside to fund the Council's separate investment in this element of the scheme.

The financing costs are calculated annually, by Council Financial Year and can only be serviced from revenue receipts, not capital receipts. In years where there is insufficient project revenue receipts then the shortfall is made up by the Council's General Fund, leading to a negative cashflow in these years.

The Council recognises that the returns from HSDP will be dictated by the delivery programme and the build period and as such receipts will be received at different stages of the development lifecycle which could result in certain years having a negative cashflow while other years return a positive cashflow contribution towards the cost of the HNC.

However the Council is not in a position to sustain long periods of negative cashflows and as such Bidders will also need to submit proposals with the parameter of cost neutrality every 7 years. This means that over a 7 year period the cumulative cash position for the Council needs to remain positive.

The Council also recognises that Bidders will have different delivery programmes and as such the start date for the delivery of the HNC may be different in each bid. Therefore the first 7 year period will commence from the 1st financial year after Practical Completion of the HNC.

Similar to a standard commercial loan, it is possible to reduce the Council's financing costs by:

- Reducing the size of the initial loan incurred by the Council, using capital / revenue receipts generated from scheme commencement until the beginning of the Financial Year after the asset reaches Practical Completion. At this date the loan is effectively refinanced from a short term development loan to a long term investment loan, subject to interest payments and MRP.
- Early repayment of debt during the investment phase, above the target level of debt repayment (MRP). This reduces the opening balance in the following year and hence leads to lower financing costs in subsequent years. (Any early repayment fees are assumed to be managed by the Council's Treasury Management.)

To assist the Bidders in analysing cost neutrality the Financial Template includes working and output sheets which calculate and present the cost neutrality position. Given the interplay between delivery programme and cost neutrality, the template should be incorporated into Bidder's Financial Models early in the process to inform the optimal delivery programme.

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### **Key Outputs**

In order to evaluate proposals against the Council's requirements Bidders will be required to submit the following:

- a. Target return metric e.g. IRR; profit on cost, profit on value for the purposes of the residual land value calculation;
- b. Loan note coupon rate(s);
- c. Main contractor's profit margin (where applicable) (percentage of contract price or total build cost);
- d. Development Management Fee;
- e. Total Council Returns (Capital and Revenue);
- f. NPV of the Council's position, (excluding land investment but inclusive of Loan Note B cash investment and any GF funded MRP / interest costs related to the HNC);
- g. HSDP IRR (excluding DM fee); and
- h. Council peak equity exposure.

Bidder financial models should be built in a way to enable sensitivity analysis to be carried out in an easy and efficient manner. Bidders' submitted Financial Models must have run the sensitivity analysis.

NPVs are to be based on a discount rate of 3.50% real and 6.09% nominal at an assumed inflation rate of 2.50%, using quarterly period cashflows, assuming end period discounting, and discounted back to the start of the project.

Metrics a) to b) above will be written as fixed figures in the legal documentation. The Council expects that there will be no changes to the metrics set out within Bidders' submissions at ISOS stage that will have a negative impact on the Council's position as set out in ISOS submissions. Any adverse changes will only be acceptable if Bidders are able to demonstrate a significant change in circumstance that warrants reasonable amendment.

In the event the Bidder seeks to act as main contractor, the rate entered in the Financial Model under clause c) above will also be written as a fixed figure in the legal documentation. As above the Council does not expect there to be any adverse movements from the ISOS stage unless a demonstrable change in circumstance can be evidenced that would warrant a reasonable

amendment. The Council anticipates it will also be fixed for the remainder of the procurement and will not be subject to change at ISFT stage unless a demonstrable change in circumstance would warrant reasonable amendment.

Bidders are invited to improve on their financial and commercial proposals as set out at ISOS stage where additional value can be added to the Council's position. Bidders should explain their overall approach to the Development Management Fee including the basis on which the fee will be charged, the timing of incurrence and how the charge will be borne by the HSDP. Bidders should demonstrate value for money in delivering the services identified at Schedule 2 to the Development Management Agreement, with respect to the quantum of fee anticipated and the range and quality of expertise to be provided, providing a breakdown of costs expected to be covered by the Development Management Fee.

Bidders should note that costs associated with the operation and management of the HSDP itself should be identified separately from the Development Management Fee, which should relate to the delivery of the services identified within the Development Management Agreement Schedule 2. Operational costs should be estimated, justified with supporting commentary and included in the Financial Model but should not be included in the Development Management Fee.

Bidders should also demonstrate minimisation of the negative impact of charging the Development Management Fee on the profitability of the HSDP. The profile and treatment of the Development Management Fee within the model should clearly match this overall approach.

Any proposal will need to ensure that the Development Management Fee will incorporate a cap which will be included in the contractual documentation of the HSDP.

The Council is keen to seek proposals in relation to the Development Management Fee which optimises the Council and HSDP's cashflow position and profitability. The Council expect that the profile of the fee payments should be such that ensures that the Development Manager remains incentivised to manage the development programme efficiently and cost are kept under control. As such the Council is looking to ensure that payments are proportionate to the spend that has been incurred by the Development Manager or in line with the profile of development expenditure and that fees are not paid out by the HSDP in excess of expenditure being incurred at any given point in time. Proposals which seek to improve on this position are welcomed by the Council.

Where Bidders are proposing the Development Management Fee on the basis of a percentage of Development Costs, then the Council proposes that a charge will operate on a tranche basis and Bidders must provide the percentages they will seek to charge by filling out the below table:

Total Development Cost for Site – Tranche	Development Fee
£0 - £10,000,000	[ ]%
£10,000,001 - £30,000,000	[ ]%
£30,000,001 - £50,000,000	[ ]%
£50,000,001+	[ ]%

The example below illustrates the operation of the tranche approach, where a project has a Development Cost of £20m and fees of 3% and 2% respectively are applied to the first two tranches:

Tranche	Value within Tranche	Development Fee	Fee Amount
£0 - £10,000,000	£10,000,000	3%	£300,000
£10,000,001 - £30,000,000	£10,000,000	2%	£200,000
		<b>Total</b>	<b>£500,000</b>

The fee entered in the Financial Model under clause d) above must reflect the rates entered into this table. This table will also be entered as fixed figures in the legal documentation. Once again the Council does not expect an increase in Development Management Fee from the ISOS stage, though improvements in Bidder propositions are welcomed.

If Bidders are proposing to charge a Development Management Fee on an alternative basis they must set out the approach and how the fee will be charged, demonstrating how this approach will address the Key Issues as set out within this question. They must also provide a cap on the total Development Management Fee that will apply for the delivery of developments within the HSDP.

**Evaluation of the Bidders' submitted financial and commercial proposals will be subject to a robustness test.**

Bidders must submit evidence to support their adopted assumptions in relation to development values, build costs and fees and any other key assumptions that drive the Council's returns and

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overall position. Evidence should comprise market evidence, benchmarking and supporting commentary explaining why the adopted assumptions are reasonable.

### **Question - specific technical requirements**

The Financial Model must be built in Microsoft Excel. Copied and pasted values extracted from Argus / proprietary property software are not acceptable. The Financial Model must:

- show data inputs, outputs and the working area completely separately;
- not be circular;
- not contain any hard coded data other than in the input area;
- not incorporate a password protection, and no sheets or cells should be hidden, locked or subject to password protection;
- not contain protected macros (i.e. where the source code cannot be viewed).

More broadly, general model - build good practice is strongly encouraged.

The Financial Model should be built in a clear and transparent manner, i.e. a clear flow from inputs through workings to outputs, consistency of formulae within calculation blocks and a breakdown of complex calculations into a series of simpler formulae. This will reduce the number of modelling clarifications, establishing how the Bidder's Financial Model works.

Should there be a material concern regarding the validity of the Bidder's Financial Model, either in respect of the logical integrity of the calculations or in respect of the way that it reflects the Bidder's commercial and legal proposals, and then this may be reflected in the Robustness Score.

The Financial Model should incorporate the information requested in each Bidder's Financial Template, with formulae in the outputs section of the Financial Template linking directly back through to the Financial Model, not pasted values. All sheets within the Financial Template should be copied together directly into the Bidder's Financial Model, including the internal MRP working sheets. Should advice be required on how to do this then please contact the Council via the portal for assistance.

The Financial Template does not set out the format of the workings area. However, it is anticipated that Bidder Financial Models will include the following functionality:

- land valuation section showing how the Council's loan note in respect of land value is calculated;
- sources and uses section showing how deficit is funded;

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- cash waterfall showing how surplus cash is used to repay funding and to distribute profit; and
  - corkscrew accounts (i.e. opening balance, additions, repayments and closing balance on separate rows) showing the position of debt, loan notes and any cash reserve. Principal and any rolled up interest should be presented on separate corkscrew accounts.
  - It is important for the Council to separately identify repayment of rolled up interest and of principal as the former is revenue and the latter capital.
  - cashflows set to a periodicity which allows the model to calculate interest costs to a reasonable approximation of accuracy. The Financial Model Template requires quarterly cashflows so the model periodicity should be at least quarterly. If Bidders wish to model monthly cashflows in their working sheets then this is acceptable but these will need to be converted across to quarterly cashflows on the output Template.

The final Financial Model submitted should be provided with a short User Guide. It is not envisaged that this document will be particularly long. It will set out:

- a high level overview of the model structure;
- how to switch from the base case to a sensitivity; and
- how the model should be re-optimised if inputs are changed (i.e. any macros which need to be run or any other steps which need to be taken to set the Financial Model to maximise the Council's return, while satisfying all constraints within the Financial Model).

Your response should incorporate the Financial Model alongside a commentary and summary of the outputs of your model. The summary of the model key considerations and outputs should be set out within 10 x A4 pages.

Bidders will also have the ability to provide an appendix for their evidence base which should not exceed 50 x A4 pages. The appendix should comprise of market evidence benchmarking and supporting commentary explaining why the adopted assumptions are reasonable. A high level cost plan should be included. This need not be a full elemental cost plan but rather should reflect the level of detail within the Bidder's submission to questions 2 and 3 in the and be sufficient to demonstrate reasonableness of assumptions compared to similar projects.

## **Q5.2 Phased land value mechanism 7.5%**

### **Q5.2.1 – Methodology 2.5% (Available Scores 0 -10)**

### **Q5.2.2 – Percentage uplift 5% (Relative Scoring)**

Please confirm your proposed land valuation methodology and proposed proportionate allocation of any land value uplift as between the Council and the HSDP on a phased basis.

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The Council's proposed methodology for land valuation ("Land Valuation Methodology") is set out below.

The Council envisages that there will be an initial valuation of the entire landholding for the Project following satisfaction of the last of the Phase Conditions in relation to Phase 1 (the "Initial Market Value"), comprised of a series of valuations for the individual phases (the "Initial Phase Land Values"), and that each phase will then be re-valued at the point of phase land drawdown (the "Updated Market Valuations").

The Council proposes that a Financial Model is agreed between the parties for use in assessing the land value and that this agreed model will be used at each stage of the land valuation process. This will include agreeing the development value and cost model inputs which the model will require.

In assessing the Initial Market Value, the actual figures to be entered into the model will be agreed between the parties at that time. At each of the Updated Market Valuations, the figures will again be agreed between the parties as at that time with reference to the relevant Phase Business Plan.

The Council further proposes that a proportion of any uplift in value between the Initial Market Value and the Updated Market Valuations should be reflected in the Phase Value (as defined within the Development Agreement), which will constitute the value of the Council Loan Notes.

In the event of a reduction in value between the Initial Market Value and Updated Market Valuation Bidders are requested to provide a proposal as to how this will be dealt with. This will be evaluated as part of the Q5.2.1 - Methodology.

Indicative worked examples of this proposed Land Valuation Mechanism are provided below: Bidders' responses to this question should comprise the following:

- 5.2.1 a)** Confirmation whether the Bidder agrees to the Land Valuation Methodology described above, or proposes amendments;
- b)** What inputs in terms of costs and values Bidders are seeking to include within this calculation and the treatment of any inflation or discounting;
- 5.2.2** Proposed percentage of any uplift in land value, as calculated using the Land Valuation Methodology, which will be applied in order to calculate the Phase Lease Value.

Where Bidders propose amendments to the Land Valuation Methodology they should demonstrate the impact of their proposed amendments. In all cases Bidders should confirm their proposal in relation to the uplift share in the form of a percentage of the uplift.

The two elements of this question – the **Land Valuation Methodology** and the **percentage share of land value uplift** – will be assessed separately in accordance with the Evaluation Methodology.

In the event that the Land Valuation Methodology is agreed then Bidders should include the above description in the HSDP Business Plan.

Initial Market Value for Peel assumptions as at Phase 1 drawdown

GDV	£44,000,000
Costs	£30,000,000
Finance charge	£2,000,000
Profit	£9,000,000
Residual/ Phase Land Value	£3,000,000

Updated Market Value on Revaluation

GDV	£46,000,000
Costs	£30,000,000
Finance charge	£2,000,000
Profit	£9,000,000
Residual/ Phase Land Revaluation	£5,000,000

- Land Uplift offered by Bidder = 50%

#### Phase Value calculation

- Initial Land Phase Value = £3,000,000
- Phase Land Revaluation = £5,000,000
- Uplift = £2,000,000
- Percentage = 50%
- Phase Value = £3,000,000 + (£2,000,000 \* 50%) = £4,000,000

*Your response must not exceed 4 x A4 pages*

#### **Q5.3 Funding Strategy – 5%**

Bidders should set out how they would go about funding the Core Sites in the most efficient manner. Bidders should explain how they would look to minimise the cost of finance to the HSDP and as well as the peak equity exposure of each partner while maintaining speed of delivery.



For each of the Core Sites, Bidders should:

- evidence the estimated funding requirements of the development with reference to their Financial Model;
- describe how funding will be secured as required, including the extent of gearing proposed and how funding will be secured from third party sources, including the nature of those sources;
- describe how funding risk will be managed and minimised with reference to the funding requirements estimated in their Financial Model;
- describe any sources of third party grant funding that Bidders propose could be secured in future or how opportunities to explore such funding will be explored, maximising receipt of such funding. Bidders should note that grant funding should not be included within the model given the uncertainty of obtaining grant funding at this stage;
- set out the estimated cost of finance with reference to available evidence, how this will be minimised and how the peak equity exposure of each partner will be minimised while maintaining speed of delivery;
- demonstrate minimisation of finance cost for funding required prior to land drawdown;
- demonstrate availability of funds required from the sources proposed including evidence from third parties if appropriate;
- describe the approach to funding HSDP operational costs.

*Your response must not exceed 5 x A4 pages*

**Q5.4 Development Management Fee – Community Facilities – 2.5%**  
**(Available Scores 0 -10)**

There is the potential for the Council to utilise the expertise and the supply chain of the HSDP to undertake Community Works in the future, with the HNC the first opportunity within the Core Sites. These may include for example schools, leisure centre, or community centre works.

It is anticipated that such works will be undertaken on a contracting basis, managed by the HSDP.

Bidders are asked to provide the Development Management Fee they propose to charge for work of this type as distinct from the Development Management Fee to be charged for development projects as set out above (the fees may be different or the same at the discretion of the Bidder).

The Council expects Bidders through the response to this Question to:

- describe their general approach to delivery of Community Works, using the HNC as an example but making clear how they will approach community schemes in general, including how they will secure and manage contracts, ensuring that projects will be delivered effectively, efficiently and to programme;

- describe the role of the Partner and HSDP in delivering the Community Works. Where the Partner will provide services, provide a schedule of the services to be delivered and for which the Development Management Fee will be charged, including a breakdown of costs and resource that will be provided, demonstrating value for money with respect to the quantum of fee anticipated and the range and quality of expertise to be provided. If any required services will be delivered by third parties these should be identified;
- describe the amount and proposed profile of the Development Management Fee to be charged for the HNC, including what milestones will be used for payment if any, and an estimate of any third party costs, minimising the Council's costs.

If Bidders are proposing to charge a Development Management Fee on the basis of a percentage of construction costs, then the Council proposes that the charge will operate on a tranche basis, and Bidders must provide the percentage rates they will seek to charge by filling out the table below:

<b>Total Construction Cost for Site - Tranche</b>	<b>Development Fee</b>
£0 - £20,000,000	[ ]%
£20,000,001 - £30,000,000	[ ]%
£30,000,001 - £40,000,000	[ ]%
£40,000,001+	[ ]%

The example below illustrates the operation of the tranche approach, where a project has a total build cost of £40m and fees of 3%, 2% and 1% respectively are applied to the first three tranches:

<b>Tranche</b>	<b>Value within Tranche</b>	<b>Development Fee</b>	<b>Fee Amount</b>
£0 - £20,000,000	£20,000,000	1%	£200,000
£20,000,001 - £30,000,000	£10,000,000	2%	£200,000
£30,000,001 - £40,000,000	£10,000,000	3%	£300,000
		<b>Total</b>	<b>£700,000</b>

If Bidders are proposing to charge a Development Management Fee on an alternative basis they must set out the approach and how the fee will be charged, demonstrating how this approach will meet the Council's requirements to provide value for money, minimise the overall cost of the Community Facilities and reduce the Council's peak exposure. Bidders must also provide a cap on total Development Management Fee that will apply for the delivery of Community Works, expressed as a percentage of construction cost.

The Development Management Fee cap will be included within the HSDP contractual documentation.

Any margin in relation to risk transfer in respect of the Community Works should be clearly stated within the Financial Model.

*Your response must not exceed 6 x A4 pages*

## 6 – Legal – 10% of Total Mark

Bidders are required to review the draft Contracts. These Contracts are the same as those issued at ISDS.

As part of their Final Tender submission, Bidders must either confirm that they accept the Contracts without amendment, or otherwise that they require changes. Where amendments are proposed they should be provided in the form of a mark-up of the Contracts together with an accompanying Legal Commentary Table to set out the rationale for each amendment in the following format:

<b>Clause</b>	<b>Title</b>	<b>Original position in Contracts issued at ISFT</b>	<b>Description of Change</b>	<b>Commentary and Justification</b>
[Clause]	[title of clause]	[state position]	[summary of description of change]	[detailed explanation of the change, which should address matters relevant to understanding the justification for the amendment]

The Council will assess any amendments in accordance with the Final Tender Evaluation Methodology to determine whether the proposed amendments materially alter the balance of risk between the Bidder or the Council and its counterparties. Those assessments will be used to determine an overall score that takes into account the aggregate effect of all suggested amendments to the Contracts.

Where a Bidder does not provide a mark-up, it must confirm in writing that it has no comments and accepts the Contracts as drafted.

Bidders are also required to submit the completed Questionnaire issued via the Portal to demonstrate the commercial offer of the Bidder and where it is included in the Contracts to demonstrate consistency of approach across the tender submission.

## Appendix D

### Scoring

Responses to questions 1 (1.1 and 1.2), 2 (2.1, 2.2, 2.3) and 3 (3.1 and 3.2) will be marked in accordance with the following scoring matrix:

Score	Term	Characteristics
0	Unacceptable	The response fails to demonstrate that the proposals will meet the Council Objectives and fails to address any of the key issues set out in the question.
2	Poor	The response demonstrates to a limited extent that the proposals will meet the Council Objectives, and addresses some though not all of the key issues set out in the question.
4	Satisfactory	The response demonstrates to some extent that the proposals will meet the Council Objectives, and addresses all the key issues set out in the question.
6	Good	The response demonstrates to a large extent that the proposals will meet the Council Objectives, and meets all and exceeds some of the key issues set out in the question.
8	Very Good	The response demonstrates to a great extent that the proposals will meet the Council Objectives, and meets all and exceeds the majority key issues set out in the question.
10	Excellent	The response clearly demonstrates that the proposals will meet the Council Objectives, and meets and exceeds all of the key issues set out in the question.

Responses in relation to Question 4 (Social Value) shall be marked in accordance with the following scoring matrix:

Score	Assessment	Descriptor
0	Unacceptable	The social value offer and supporting information required is either omitted or fundamentally fails to meet the relevant Social Value Requirements. Insufficient evidence to support the proposal to allow the Council to evaluate.
1	Poor	The social value offer and supporting information submitted has insufficient evidence to demonstrate that the relevant Social Value Requirements can be met. Significant omissions, serious and/or many concerns.
2	Fair	The social value offer and supporting information submitted has some minor omissions in respect of the relevant Social Value Requirements. The offer and method statement satisfies the basic requirements in some respects but is unsatisfactory in other respects and raises some concerns
3	Good	The social value offer and supporting information submitted provides some good evidence to meet the relevant Social Value Requirements and is satisfactory in most respects and there are no major concerns.

4	Very Good	The social value offer and supporting information submitted provides good evidence that all the Social Value Requirements can be met. Full and robust response, any concerns are addressed so that the proposal gives confidence.
5	Outstanding	The social value offer and supporting information submitted provides strong evidence that all the Social Value Requirements can be met and the proposal exceeds expectations provides full confidence and no concerns.

Responses in relation to Question 5 (Finance and Business Planning) shall be marked in accordance with the following approach:

Question 5.1 will be scored in two ways:

**1) Cost Neutrality – Pass/Fail**

Pass – Financial Proposals deliver as a minimum a cost neutral position for the Council as set out in the financial template

Fail – Financial Proposals do not deliver as a minimum a cost neutral position for the Council as set out in the financial template. If a Bidder 'Fails' they will be deemed non-compliant and will be excluded from the procurement.

2) For Bidders who 'Pass' the cost neutrality threshold, question 5.1 will then be scored as follows:

**Financial Score x Robustness Score = Adjusted Financial Score**

Financial Score will be assessed in accordance with the following matrix

Score	Term	Characteristics
0	Unacceptable	The response fails to demonstrate how the proposals will meet the Council's key requirements as set out in the question and leaves the Council with significant concerns that the delivery of the Council Objectives and site developments could be severely compromised
2	Poor	The response demonstrates to a limited extent how the proposals will meet the Council's key requirements as set out in the question and leaves the Council with some reservations that the delivery of the Council Objectives and site developments could be compromised
4	Satisfactory	The response demonstrates to some extent how the proposals will meet the majority of the Council's key requirements as set out in question and there are no material concerns around the deliverability of the Council Objectives and site developments.
6	Good	The response demonstrates to some extent how the proposals will meet all of the Council's key requirements as set out in question and there are no material concerns around the deliverability of the Council Objectives and site developments.
8	Very Good	The response demonstrates to a great extent how the proposals will meet all of the Council's key requirements as set out in question and there are no material concerns around the deliverability of the Council Objectives and site developments.
10	Excellent	The response clearly demonstrates that the proposals will exceed all the Council's key requirements as set out in question and provides mechanisms to protect the deliverability of the Council Objectives and site developments.

Robustness will be assessed in accordance with the following matrix:

Score	Term	Characteristics
0.2	Very Poor	No evidence provided to demonstrate appropriateness of adopted assumptions and/or there are major concerns over the robustness of the Model or consistency with the rest of the Bidder's submission.
0.4	Poor	Limited evidence provided to demonstrate appropriateness of adopted assumptions and/or there are concerns around material assumptions, and/or there are some concerns over the robustness of the Model or consistency with the rest of the Bidder's submission.
0.6	Satisfactory	Evidence supplied provides reasoned justification for adopted assumptions to some extent and/or there are minor concerns around material assumptions, and/or there are minor concerns over the robustness of the Model or consistency with the rest of the Bidder's submission.
0.8	Good	Evidence supplied provides reasoned justification for adopted assumptions to a large extent and there are no concerns around material assumptions and there are no material concerns over the robustness of the Model or consistency with the rest of the Bidder's submission.
1.0	Very Good	Evidence supplied provides very clear and reasoned justification for adopted assumptions and there are no concerns around material assumptions and there are no material concerns over the robustness of the Model or consistency with the rest of the Bidder's submission.

**Bidders must achieve an Adjusted Financial Score (i.e. the combination of the Financial Score and Robustness Score) of at least 2 for this Question 5.1. The Council will treat any bid that achieves an Adjusted Financial Score of less than 2 as non-compliant and to exclude the Bidder from the Procurement.**

For example:

Financial Score (4) x Robustness Score (0.6) = Adjusted Financial Score (2.4) = **compliant**

Financial Score (4) x Robustness Score (0.4) = Adjusted Financial Score (1.6) = **non - compliant**

Question 5.2 will be scored in accordance with the following matrix:

5.2.1

Score	Term	Characteristics
0	Unacceptable	Does not meet the requirement. Does not accept the methodology and risk allocation as proposed by the Council – and/or the Bidder has proposed amendments which alter the risk allocation to a wholly unacceptable degree.
2	Poor	Reservations of the Bidder's acceptance of some of the methodology and risk allocation as proposed by the Council – substantial deviations from the Authority's position that would materially adversely affect the Council's position.
4	Satisfactory	Demonstration by the Bidder of the methodology and risk allocation as proposed by the Council with material deviations that would adversely affect the Council's position.

6	Good	Demonstration by the Bidder of its acceptance of the majority of the methodology and risk allocation as proposed by the Council. Some deviations whose cumulative effect adversely affects the Council's position but not to a significant extent.
8	Very Good	Demonstration by the Bidder of its acceptance of the vast majority of the methodology and risk allocation as proposed by the Authority. No material deviations from the Council's position except where the Bidder has demonstrated that there is no material detriment to the Council in its proposals.
10	Excellent	Demonstration by the Bidder of its acceptance of all terms of the methodology and risk allocation as proposed by the Council together with suggestions (and justification) which will offer significant added value.

### 5.2.2

The Bidder with the highest percentage uplift will be awarded 10 marks.

Other Bidders will be awarded marks as follows:

$$\frac{\text{Bidder Percentage Uplift}}{\text{Highest Percentage Uplift}} \times 10$$

Question 5.3 will be scored in accordance with the following matrix:

Score	Term	Characteristics
0	Unacceptable	The response fails to demonstrate how the proposals will meet the Council's key requirements as set out in the question and there are significant concerns that the delivery of the Council's Objectives and site developments will be compromised.
2	Poor	The response demonstrates to a limited extent how the proposals will meet the Council's key requirements as set out in the question and there are concerns that the delivery of the Council's Objectives and site developments will be compromised.
4	Satisfactory	The response demonstrates to some extent how the proposals will meet the majority of the Council's key requirements as set out in question and there are no material concerns that the delivery of the Council's Objectives and site developments will be compromised.
6	Good	The response demonstrates to a some extent how the proposals will meet all of the Council's key requirements as set out in question and there are no material concerns around the deliverability of the Council's Objectives and site developments.
8	Very Good	The response demonstrates to a great extent how the proposals will meet all the Council's key requirements as set out in question and there are no material concerns around the deliverability of the Council's Objectives and site developments.
10	Excellent	The response clearly demonstrates that the proposals will exceed all the Council's key requirements as set out in question and provides mechanisms to protect the deliverability of the Council's Objectives and site developments.

Question 5.4 will be scored as follows:

Bidders will submit their proposed Development Fee rates a, b, c and d as follows:



Tranche	Development Fee
£0 - £20,000,000	a%
£20,000,001 - £30,000,000	b%
£30,000,001 - £40,000,000	c%
£40,000,001+	d%

The submitted rates will then be evaluated with reference to three 'dummy' projects as follows:

*Project A - £20,000,000 Construction Cost*

Tranche	Assumed Value within Tranche	Development Fee	Fee Amount
£0 - £20,000,000	£2,000,000	a%	£20,000,000 x a%
		<b>Total</b>	<b>Sum of above = Project A Fee</b>

*Project B - £30,000,000 Construction Cost*

Tranche	Assumed Value within Tranche	Development Fee	Fee Amount
£0 - £20,000,000	£20,000,000	a%	£5,000,000 x a%
£2,000,001 - £30,000,000	£10,000,000	b%	£5,000,000 x b%
		<b>Total</b>	<b>Sum of above = Project B Fee</b>

*Project C - £50,000,000 Construction Cost*

Tranche	Assumed Value within Tranche	Development Fee	Fee Amount
£0 - £20,000,000	£20,000,000	a%	£20,000,000 x a%
£20,000,001 - £30,000,000	£10,000,000	b%	£10,000,000 x b%
£30,000,001 - £40,000,000	£10,000,000	c%	£10,000,000 x c%
£40,000,000+	£10,000,000	d%	£10,000,000 x d%
		<b>Total</b>	<b>Sum of above = Project C Fee</b>

Each Bidder's total Assumed Development Fee will then be calculated by weighting the Project Fees as follows:

Bidder Assumed Development Fee = (40% x Project A Fee) + (30% x Project B Fee) + (30% x Project C Fee)

The Bidder with the lowest Assumed Development Fee will be awarded 10 marks.

Other Bidders will be awarded marks as follows:

$$\frac{\text{Lowest Assumed Development Fee}}{\text{Bidder Assumed Development Fee}} \times 10$$

Responses to Question 6 (Legal) shall be marked in accordance with the following scoring matrix:

Bidders should note that any response to Question 6 (Legal) which scores '0 – Unacceptable' will be marked as a 'Fail' and will be excluded from the procurement process.

Score	Term	Characteristics
0	Unacceptable	Does not meet the requirement. Does not accept the material terms of the draft Contracts and risk allocation as proposed by the Council – and/or the Bidder has proposed amendments which alter the risk allocation to a wholly unacceptable degree.
2	Poor	Reservations of the Bidder's acceptance of some of the terms of the draft Contracts and risk allocation as proposed by the Council – substantial deviations from the Council's position that would materially adversely affect the Council's position.
4	Satisfactory	Demonstration by the Bidder of its acceptance of some of the terms of the draft Contracts and risk allocation as proposed by the Council with material deviations that would adversely affect the Council's position.
6	Good	Demonstration by the Bidder of its acceptance of the majority of the material terms of the draft Contracts and risk allocation as proposed by the Council. Some deviations whose cumulative effect adversely affects the Council's position but not to a significant extent.
8	Very Good	Demonstration by the Bidder of its acceptance of the vast majority of the material terms of the draft Contracts and risk allocation as proposed by the Council. No material deviations from the Council's position except where the Bidder has demonstrated that there is no material detriment to the Council in its proposals.
10	Excellent	Demonstration by the Bidder of its acceptance of all the material terms of the draft Contracts and risk allocation as proposed by the Council together with suggestions (and justification) which will offer significant added value.