

DELIVERY PARTNER PANEL 2

Avante, Crest Nicholson

A BRIEF GUIDE TO WORKING WITH PANEL MEMBERS

A Framework Panel of Residential Developers and Contractors
www.homesandcommunities.co.uk/dpp



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INTRODUCTION

The Delivery Partner Panel 2 (DPP2) is an OJEU compliant framework panel, designed to accelerate the construction and delivery of residential-led development on public sector land. It supports the Government's ambition to release public sector land to stimulate economic activity and improve housing supply.

Panel Members are National and Regional Housing Builders, Developers and House Building Contractors all with a proven track record of delivering residential-led development and who are ideally placed to deliver the Government's ambition.

The framework has been procured through a two stage fully OJEU compliant process by the Homes & Communities Agency (HCA) and is made available, free of charge, to a wide range of public sector bodies as part of HCA's role in delivering the government's public land agenda. DPP2 provides a simple, speedy procurement route for public sector organisations to appoint a developer or contractor.

In order to achieve increased development of public sector land it is important that we in the public sector work proactively with

private sector developers to ensure development proposals are well thought through and realistic before going to market.

With scarce public resources, it is important to understand which development related activities need to be undertaken by the public sector and which are best managed by the private sector. The Panel enables early engagement with the private sector and Panel Members can provide soft market testing and early stage viability advice free of charge.

DPP2 is available to a wide range of public sector bodies who may wish to bring land forward for development, it will run until March 2017, after this a 10 year build out period is allowed for schemes procured through the Panel.



Warwich Chase – Site manager and scaffolder

This guide provides a brief introduction to DPP2; further information is available from www.homesandcommunities.co.uk/dpp or deborah.vogwell@hca.gsi.gov.uk

Working with Panel Members

DPP2 offers the means to work actively with Panel Members to accelerate development and economic activity. Through DPP2, we have developed means to ensure that we in the public sector can work effectively with developers. We find that the following are important:

- Panel Members have a choice of a range of projects that they can bid for and have limited resources to compile bids. It is important to establish interest and ensure that the sites we bring to market are viable and attractive to developers. Panel Members will be most interested in opportunities for which the public sector can provide a clear brief and can demonstrate commitment to development.
- Agreeing clear objectives for each development, which are understood and agreed by all stakeholders. For example, is land value most important or speed of housing delivery?
- Public sector resources are scarce and it is important to understand where these should be used to add value prior to bringing a site to market. Securing masterplans and detailed planning permissions will rarely be value for money, as the market may well change by the time the developer is appointed and permissions may then need to be reworked to optimise value. However, undertaking discussions with planners regarding a contentious planning issue may be better done by the public sector than a developer, in that the public sector client is seen as an honest broker.
- Panel Members have the responsibility for physical delivery of development and can help public sector staff understand the practicalities of delivery and refine priorities and expectations to ensure that what they are asking is reasonable and practical.
- Procurement processes need to recognise the needs of both the public and private sectors and to work efficiently for both. The mini competition process we have developed through DPP2 achieves this.
- Panel Members have good access to supply chains and have the ability to manage them effectively. DPP2 offers Panel Members the flexibility for them to appoint advisors and subcontractors to meet the particular needs of the project.
- DPP2 Panel Members consist of a variety of different types of organisations. They range from larger, national house builders, to smaller, local developers. This diversity ensures a range of solutions can be offered through the Panel, from simple contracting arrangements to disposal of land for immediate receipt, to more complex and long-term development solutions.



Scotswood Consultation Partners

- DPP2 Panel Members can also bring a variety of other local benefits, for example, providing training and apprenticeship opportunities for local people and, in some cases, working with local companies and suppliers to support the local economy and build capacity.

DPP2 offers the opportunity for public sector organisations to use the Panel Members' proven market knowledge and ability to make development decisions on all aspects of a

project from urban design through to planning and construction, their businesses depend on this ability. There are multiple development solutions for any site and different developers will have different approaches. **The most suitable developer for any site will be the one that achieves the best fit with the public body's aspirations and objectives for the site and the clearer these objectives are, the more likely they are to be realised.**

Panel Membership

46 companies are members of the DPP2, with 25 represented on each regional lot.

Panel Members have demonstrated their ability and track record of delivering housing in the Lot areas for which they have been selected. DPP2 excludes London, which is covered by the GLA's London Development Panel.

Midlands Lot

BDW Trading Ltd	Lovell Partnerships Ltd
Bellway Homes Ltd	Mansell Construction Services Ltd
Bloor Holdings Ltd	Mar City Developments Ltd
Bouygues Thomas Vale Consortium	Morris Homes Ltd
Bromford Housing Group Ltd	Persimmon Homes Ltd
Carillion-Igloo Ltd	Places for People Homes Ltd
Catalyst Housing Ltd	Redrow Homes Ltd
Countryside Properties (UK) Ltd	Taylor Wimpey UK Ltd
Crest Nicholson PLC	Wates Construction Ltd trading as Wates Living Space
Galliford Try Plc	Westleigh Developments Ltd
Keepmoat Ltd	William Davis Ltd
Kier Ltd	Willmott Dixon Holdings Ltd
Logic Homes Ltd	

South West Lot

Affinity Sutton Homes Ltd	Lovell Partnerships Ltd
BDW Trading Ltd	Mansell Construction Services Ltd
Bellway Homes Ltd	Mi-space (UK) Ltd
Bloor Holdings Ltd	Ocean Housing Group Ltd
Bouygues Leadbitter Consortium	Persimmon Homes Ltd
Bovis Homes Ltd	Places for People Homes Ltd
Carillion-Igloo Ltd	Redrow Homes Ltd
Catalyst Housing Ltd	Seddon Group Ltd
Crest Nicholson PLC	Taylor Wimpey UK Ltd
Galliford Try Plc	Wates Construction Ltd trading as Wates Living Space
Hill Partnerships Ltd	Willmott Dixon Holdings Ltd
Keepmoat Ltd	ZeroC Acheson Consortium Ltd
Kier Ltd	

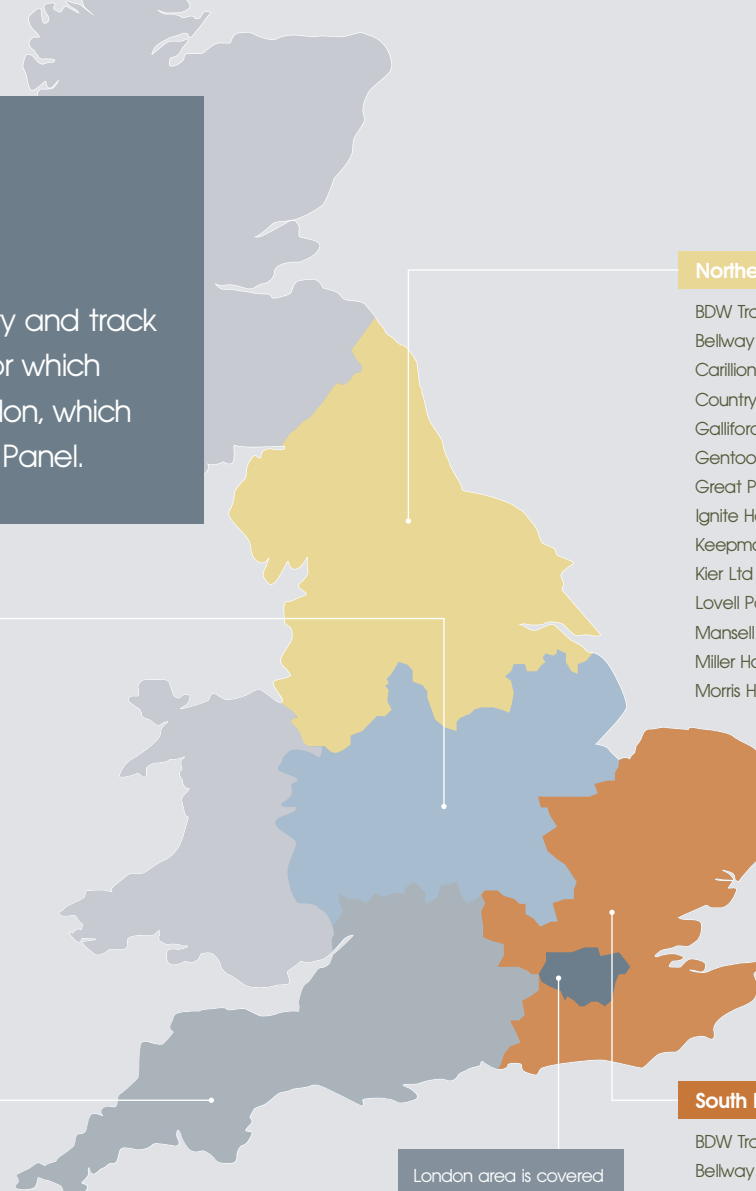
Northern Lot

BDW Trading Ltd	PE. Jones (Contractors) Ltd
Bellway Homes Ltd	Persimmon Homes Ltd
Carillion-Igloo Ltd	Places for People Homes Ltd
Countryside Properties (UK) Ltd	Redrow Homes Ltd
Galliford Try Plc	Seddon Group Ltd
Gentoo Group Ltd	Story Homes Ltd
Great Places Housing Group	Taylor Wimpey UK Ltd
Ignite Homes Ltd	Wates Construction Ltd trading as Wates Living Space
Keepmoat Ltd	Westleigh Developments Ltd
Kier Ltd	Willmott Dixon Holdings Ltd
Lovell Partnerships Ltd	Your Housing Group / Eric Wright Group
Mansell Construction Services Ltd	
Miller Homes Ltd	
Morris Homes Ltd	

South East Lot

BDW Trading Ltd	Keepmoat Ltd
Bellway Homes Ltd	Kier Ltd
Bouygues Leadbitter Consortium	Logic Homes Ltd
Bovis Homes Ltd	Lovell Partnerships Ltd
Catalyst Housing Ltd	Mudalley and Company Ltd
Countryside Properties (UK) Ltd	Persimmon Homes Ltd
Crest Nicholson PLC	Places for People Homes Ltd
Durkan Ltd	Redrow Homes Ltd
Fairview Estates (Housing) Ltd	Rydon Construction Ltd
Galliford Try Plc	Taylor Wimpey UK Ltd
Genesis Housing Association	Wates Construction Ltd trading as Wates Living Space
Higgins Group PLC	Willmott Dixon Holdings Ltd
Hill Partnerships Ltd	

London area is covered by the GLA's London Development Panel



How DPP2 Operates

The following provides a quick guide to how DPP2 operates; further information is available on our website.

www.homesandcommunities.co.uk/dpp

Schedule of Works

The schedule of works defines all activities that can be procured through DPP2.

DPP2 can be used for the procurement of development on housing-led sites. This will include all activities necessary to construct housing and associated infrastructure, marketing and sales and transfer of freehold to eventual owners, including, but not limited to:

- raising development finance
- obtaining planning permission
- supply chain management
- design and construction of houses
- provision of affordable housing (in association with a Registered Provider)
- design and construction of infrastructure to support housing
- sales and marketing of houses
- aftercare and maintenance

Specifically:

- development and disposal of sites for residential use

- development and disposal of mixed-use, housing-led sites, mixed-use elements to include community facilities, retail or commercial development ancillary to, and in support of, housing
- refurbishment / retrofit of existing houses, residential buildings, empty homes and associated buildings
- refurbishment, restoration, conversion of heritage or other buildings for residential use
- demolition, site remediation and enabling works to prepare sites for residential or mixed-use development
- design and construction of homes
- development of Extra Care accommodation
- self-build enabling as part of a larger development
- maintenance and site management

The Panel is suitable for all housing-led development, with the exception of very small developments of less than 20-25 homes. These are best procured through more local processes as they will, in general, fall below the OJEU works limit.

Use of the Panel by other Public Sector Bodies

The Panel is available for use by a wide range of public sector bodies, including Local Authorities, Registered Providers, NHS Trusts, The Crown Estate, the Department for Education and other Central Government Departments.

Public bodies wishing to procure through the Panel will need to sign up to an access agreement with the HCA, ensuring that they take responsibility for their procurement. HCA will then provide the Partner with access to its e-tendering system, which holds all information necessary to enable them to use the Panel. Help, information, guidance and support to Partners in their use of the Panel is available if required.



The Leazes, Throckley

A list of those bodies able to use the Panel is available at:
www.homesandcommunities.co.uk/sites/default/files/our-work/potential_users_of_dpp2.pdf



Victoria Walk, Barratt

Framework Agreement

All Panel Members have signed a Framework Agreement with the HCA. The agreement also covers use of the Panel by other Public sector bodies.

Subcontracting

Panel Members can propose a subcontracted team to help deliver each project procured through the Panel. This enables maximum flexibility in the use of the Panel and allows Panel Members to put together the right team to deliver each project, the Panel Member however, maintains full responsibility. Panel Members can also incorporate Registered Providers in the team in the same way. We find that the involvement of Registered Providers early in the development process reduces risk to the development and ensures the Registered Provider receives homes that meet the needs of their clients.

Health and Safety

The Health and Safety records of Panel Members were checked as part of the procurement process. Panel Members also needed to be registered and maintain their membership with an SSIP (Safety Schemes in Procurement) approved health and safety assessment scheme.

Insurances

Panel Members all have Employers Liability and Public Liability insurance in place to the value of £10m. When we procured the Panel, we also asked them to demonstrate their ability to obtain Contractors All Risk insurance to the value of £10m, however this insurance is provided on a project specific basis and so an appropriate level will need to be in place for each project procured through the Panel.

Financial Appraisal

Financial appraisal of each of the Panel Members was undertaken as part of the Panel procurement process. HCA's Business Appraisal Team monitor the on-going financial status of each Panel Member. The Panel is made up of Panel Members of differing size and financial capacity and the projects that are procured through the Panel have different financing and cash flow requirements. Before inviting Panel Members to tender, a project specific financial check should be undertaken to ensure Panel Members who will be invited to tender, currently have sufficient financial capacity to undertake the project.

HCA's Business Appraisal Team can also undertake project specific financial checks for other public sector bodies through a Service Level Agreement. Please contact simon.dixon@hca.gsi.gov.uk or karen.muir@hca.gsi.gov.uk for further information.



Nightingale Estate, Countryside

Draw Down Contracts for Individual Developments

All developments procured through DPP2 must be subject to individual drawdown contracts. In order to ensure compliant procurement, three forms of draw down contract are available, these are:

- DPP2 Building Lease
- DPP2 Development Agreement
- JCT Design and Build Contract

Specific legal advice must be sought to prepare each project stage contract and we would expect each to be tailored to suit needs of the individual project.

E-Tendering System – Pro-Contract

A simple web-based e-tendering system is available to manage all Mini Competitions procured through DPP2. All opportunities offered to Panel Members must be offered via this system.

Guidance on the use of the e-tendering system is available and further advice, including login details, can be obtained from Claire Barclay
claire.barclay@hca.gsi.gov.uk

Procurement of Development through the Panel

Soft Market Testing and Early Stage Advice

Prior to commencing a formal mini competition, DPP2 offers the opportunity to work with Panel Members to gain early stage advice directly, at no cost, and to work with them to:

- improve viability and deliverability of a development
- warm up the market and build interest in a site

Soft market testing is an informal process that takes place before the mini competition process commences. The process can involve as many or as few of the Panel Members as is appropriate.

In general, we have conducted soft market testing through meetings in which a presentation is made to 4 or 5 Panel Members who are asked to give a view on proposals to develop a site. The format of these meetings has varied and can involve a site visit, presentation by other project stakeholders, joint discussion of ideas or individual meetings with each developer.

Soft market testing works because Panel Members have a vested interest in ensuring well-resolved and viable development opportunities are brought to the Panel.

Information gained through this process should be reviewed and incorporated, as seen fit, in the formal mini competition documents. The formal mini competition process then commences with all Panel Members.

Mini Competition Process

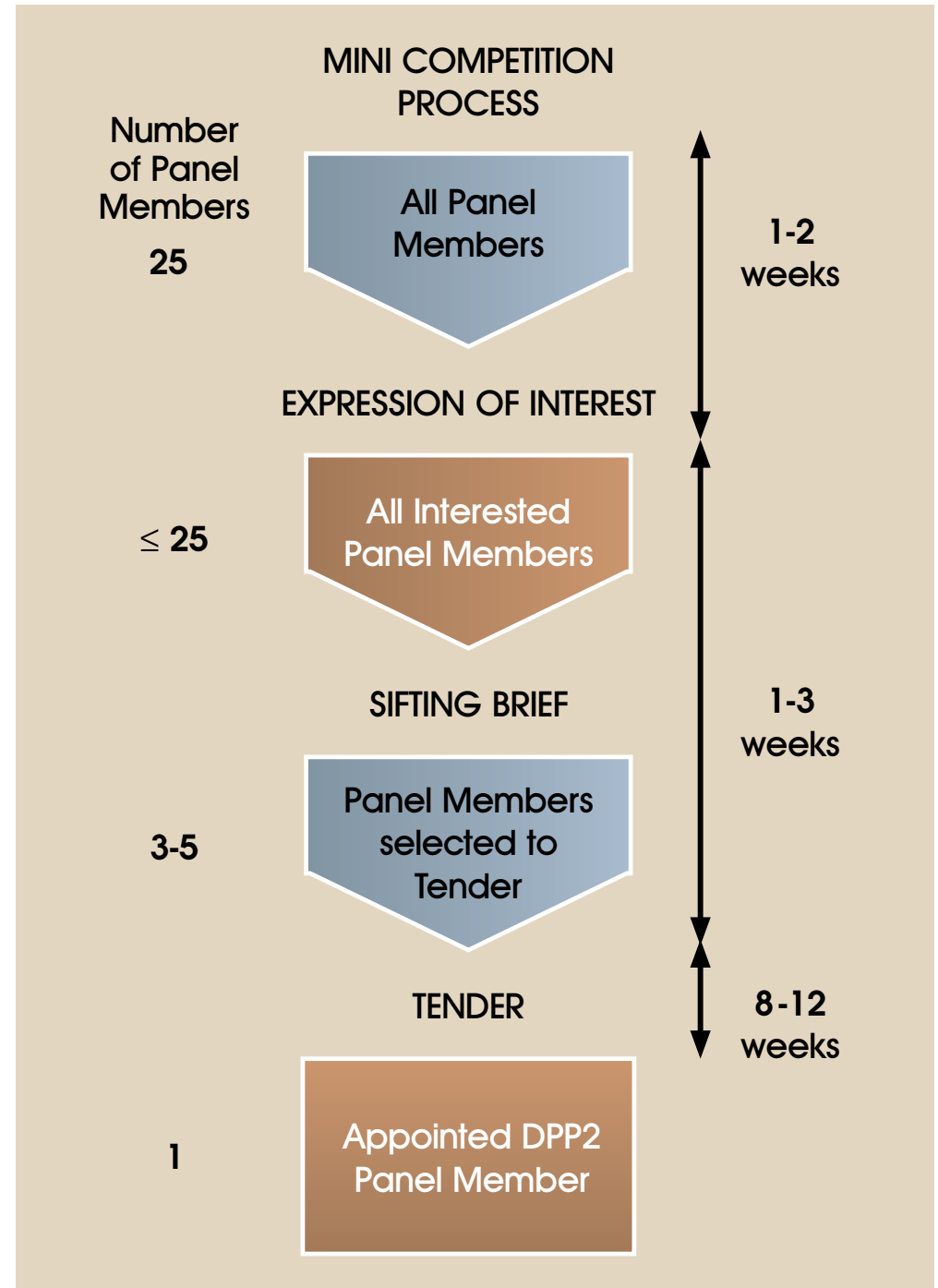
Development and construction is procured through DPP2 via a three stage mini competition. The process is designed to be as efficient as possible and to enable selection of the Most Economically Advantageous Tender (MEAT).

Opportunities to bid for work must be offered to all Panel Members on the relevant geographic Lot. Each Lot has 25 Members and if all Panel Members provided a full tender for each piece of work, the level of competition would be too high and would not result in good and considered bids.

We have therefore designed a process to identify the Panel Members most suited to tender for each project, quickly and efficiently. A tender list of between 3 and 5 bidders provides a level of competition that is efficient and that gives them reasonable odds of winning.

In order to reduce the number of bidders to a reasonable level, an initial two-stage process is used. An Expression of Interest is undertaken to establish Panel Members' interest and capacity to bid. If there is a lot of interest in a specific project, a qualitative sifting brief is used to select the Panel Members most suited to bid.

The mini competition process is summarised in the adjacent diagram.



The Development Appraisal Tool, together with guidance on its use, is available on the HCA website. Please send any queries or technical questions about the tool to DATenquiries@hca.gsi.gov.uk



Booth Rise, William Davis

Tender Evaluation

In order to ensure that DPP2 is compliant in procurement terms, a set of evaluation criteria is provided, which is consistent with those used when we procured the Panel. However, flexibility is allowed in these and criteria should be tailored to reflect the needs of each individual project.

- Quality and Deliverability 30 – 70%
- Price 30 – 70%

The HCA's Development Appraisal Tool (DAT) is designed to appraise the viability of an individual site and the completion of a DAT model will form the financial offer, which will enable comparison of financial bids on a like for like basis.

A schedule of rates for profit margin, costs per sqm and values per sqm has been carried forward from framework procurement. Any significant differences between these and the ones submitted at ITT stage will need to be justified and understood.

A 10-day standstill period is applicable to all projects procured through DPP2.

Tender Top Tips

We have found that the following help to make the tender process run smoothly:

- If very few Panel Members respond positively to an opportunity, it is important to understand why. Is the site viable? Is the information provided clear and of sufficient quality? Are there insoluble issues that need to be resolved? Panel Members can and should provide feedback.
- Bidding takes time, effort and can be costly. Tenders need to be clear, simple and succinct. We should only ask for information that is actually needed and we must understand why we need each bit and how we are going to evaluate it.
- Panel Members have already demonstrated their corporate ability and capacity to deliver housing on public land. The mini competition should focus only on the specific development.
- Uncertainty should be stripped out of a tender where possible, for example, works to an existing building, or remediation that is difficult to price, could be covered by a provisional sum that is adjusted when real costs are known. Pricing 'unknown' elements can add huge risks for developers and will make like-for-like evaluation of bids difficult.
- The public sector needs to comply with procurement regulations and ensure processes are fair and transparent. The DPP2 mini competition process simplifies this, but you will still need to justify your decision and provide feedback to unsuccessful bidders. The clearer your procurement process and the better your communication with bidders, the easier these conversations will be.
- DPP2 offers the opportunity to work more closely with developers to find the best way to speed housing development. Early developer engagement or soft market testing should be undertaken to help define the best approach to developing a site.
- Someone from the commissioning body should be available to answer queries during the tender period.



Fulham Riverside, Barratt