

Matter which the Chair has decided is urgent by need to approve the appointment of the preferred bidder identified under Part II as the Council’s development partner for the Cardiff and Vale Housing Partnership.

Meeting of:	Cabinet
Date of Meeting:	Thursday, 19 December 2024
Relevant Scrutiny Committee:	Homes and Safe Communities
Report Title:	Cardiff and Vale Housing Partnership
Purpose of Report:	To update Cabinet on the outcome of the joint procurement between Cardiff Council and the Vale of Glamorgan Council to procure a Development Partner to deliver the Council’s Housing Development Programme
Report Owner:	Executive Leader and Cabinet Member for Performance and Resources
Responsible Officer:	Miles Punter, Director of Environment and Housing
Elected Member and Officer Consultation:	Victoria Davidson, Monitoring Officer/ Head of Legal and Democratic Services Matt Bowmer, Head of Finance/S151 Officer Mike Ingram, Head of Housing and Building Services
Policy Framework:	This report is within the policy framework and budget and is a matter for Executive decision by Cabinet.
<p>Executive Summary:</p> <ul style="list-style-type: none"> On 25th May 2023 Cabinet considered a Report under Part I Part I - Formation of a Housing Partnership setting out the background and reasoning for the formation of a proposed Housing Partnership Programme with Cardiff Council. The report also expanded on the key considerations surrounding Local Authority housing development, identifying the vulnerability of the current traditional methods by which social housing schemes are procured and delivered. The report introduced Savills’ Business Case for the now formed Housing Partnership Programme which reached a number of findings, conclusions and recommendations in relation to the Partnership structure and procurement options which followed. This report updates Cabinet on the procurement process for the appointment of a development partner for the Cardiff and Vale Housing Partnership (CVHP) noting the outcome of the Competitive dialogue procurement process, which identifies the preferred bidder and to approve the appointment of the preferred bidder identified, as our development partner for the CVHP. 	

Recommendations

1. That Cabinet notes the outcome of the Competitive dialogue procurement process which identifies the preferred bidder and to approve the appointment of the preferred bidder identified under Part II as the Council's development partner for the Cardiff and Vale Housing Partnership.
2. That use of the Council's urgent decision procedure, as set out at section 15.14 of the Council's constitution, be agreed to approve the appointment of the preferred bidder identified under Part II as the Council's development partner for the Cardiff and Vale Housing Partnership.

Reasons for Recommendations

1. To note the outcome of the Competitive dialogue procurement process which identifies the preferred bidder and to approve the appointment of the preferred bidder identified under Part II.
2. To enable the Council to approve the preferred bidder.

1. Background

- 1.1 On 25th May 2023 Cabinet considered a Report in respect of the then proposed development of a Housing Partnership with Cardiff Council introducing Savills Business Case for a Housing Partnership Programme for both the Council and Cardiff Council: [Part I - Formation of a Housing Partnership](#).

2. Key Issues for Consideration

- 2.1 Savills were appointed by the Council to look at delivery options and structure for the CVHP. Savills key brief was to design the Partnership to; deliver Quality Affordable Homes at Scale and Pace; ensure that all of our Homes are Low Carbon and Energy Efficient; deliver Significant Community Investment; maximise the Council's resources (land and capital).
- 2.2 Savills recommended that the Partnership should be procured via the Competitive Dialogue Process, which allows the Authority to hold dialogue sessions with the bidders, enabling risk and assumptions to be thoroughly tested and solutions to evolve throughout the process.
- 2.3 Savills carried out an early market engagement period. Following this the Partnership was advertised and the Contract Notice and Pre-Qualification Questionnaire (PQQ) were issued to the market in November 2023.
- 2.4 The pre-qualification questions asked potential suppliers to self-declare their status against the exclusion grounds and provide preliminary evidence of their suitability to act as the Partner, economic and financial standing, and technical and professional ability, which is in accordance with the Public Contracts Regulations (PCR) 2015.

- 2.5 Following completion of the PQQ Stage, the bidders returns were evaluated and short listed to 3 bidders. The bidders were notified in February 2024, when they were invited to Participate in Competitive Dialogue (IPCD).
- 2.6 All bidders submitted their outline proposals in line with the IPCD. Over the next 6 months individual dialogue sessions were held with each bidder, covering the quality and commercial solutions within their bid. Updated outline submissions were received, and a further phase of dialogue took place.
- 2.7 In July 2024 the dialogue phase was closed, and the bidders were invited to submit their Final Tenders. Final Tenders were received on 19th August 2024 and the Tenders were then evaluated and moderated against the published evaluation criteria. Appendix A contains Savills' Tender Report, which identifies the preferred bidder reported under Part II.
- 2.8 Subject to the approval of this recommendation, we will enter the preferred bidder stage, to award the contract following the expiry of the Standstill period as required under the Public Contract Regulations 2015 and go on to conclude the contract documentation in conjunction with Browne Jacobson and Savills.

3. How do proposals evidence the Five Ways of Working and contribute to our Well-being Objectives?

- 3.1 Looking to the long term - The Housing Business Plan 2024/25 allocates significant resource, some £920 million, towards the development of new Council homes over the next thirty years. The CVHP would seek to complete a minimum of 850 new homes over the next eight years. Homes will be considered for development where development could be made viable by including other tenure models to cross-subsidise the development of homes at social rent. In this way the Council could further add to the overall numbers of affordable homes in the borough without adversely impacting on the Housing Business Plan.
- 3.2 Taking an integrated approach - In April 2018, Welsh Government announced an independent review of affordable housing supply in Wales. The purpose of which was to examine whether more can be done to increase the supply of affordable housing in Wales, maximising the resources available to meet the clear commitment to deliver 20,000 affordable homes during this term of Government. The Council is committed to working with Welsh Government, its housing partners, communities and the private sector in maximising the delivery of affordable housing in the Vale.
- 3.3 Involving the population in decisions - In arriving at a decision to provide new affordable housing, the Council will fully consult with its tenants and residents on development proposals and consider their responses, from the feasibility stage through to the determination of the planning application and when the Scheme is being delivered.
- 3.4 Working in a collaborative way - The Council has strong established links with

several Housing Associations which make a significant contribution to housing supply in the Vale. The CVHP would further strengthen a regional collaborative approach. Therefore, the Council intends to work alongside our partners and envisages a complimentary approach to the delivery of affordable homes.

3.5 Understanding the root causes of issues and preventing them - The 2023 Local Housing Market Assessment (LHMA) highlighted the chronic shortage of affordable housing in the Vale of Glamorgan. In assessing the housing market, the LHMA calculates the net need for affordable housing, including social rented housing, intermediate rented housing and low-cost home ownership housing products, over the coming years. This assessment projects the headline annual need for affordable housing in the Vale of Glamorgan to be 1,075 units per annum between the years 2019 and 2024. The LMHA identified an overwhelming need for all types and tenures of affordable housing in the Vale of Glamorgan. The Council has recognised this and is acting to invest significantly in new Council homes and enable housing association development.

3.6 This proposal:
Meets the relevant Strategic Objective 3 of the Corporate Plan 2020-25
Meets the Objectives 1-5 of the Well Being Plan 2023-28
Meets all the Strategic Aims 1-4 of the Local Housing Strategy 2021-26
Meets Strategic Objectives 1-4 of the Housing Development Strategy 2019-24

4. Climate Change and Nature Implications

4.1 In 2019 the Council declared a 'Climate Emergency' and the Climate Change Challenge Plan was approved by Cabinet in 2021, with Project Zero being established as the Council's blueprint to become carbon neutral by 2030.

4.2 All new homes built after 2030, will need to be whole life zero carbon and Welsh Government will introduce regulations and grant conditions which require social landlords to account for and reduce the levels of carbon associated with the construction of new homes, prior to the 2030 target date.

4.3 The CVHP will utilise building systems which deliver high quality, net zero carbon homes at scale and at an affordable price in advance of this target date. It will also provide clear evidence that the Council is responding to the climate and bio-diversity emergency in a progressive and appropriate manner, in advance of regulatory requirements.

4.4 The CVHP will utilise Modern Methods of Construction (MMC) and timber structural solutions will predominantly be used for three key reasons:

- timber is a low carbon construction material;
- the use of timber in construction acts as a carbon store, locking up the CO₂ sequestered by the tree whilst growing, for the lifespan of the building;
- timber lends itself to re-use at the end of the buildings life which means the CO₂ stored as bio-genic carbon in the structure of the home is not

necessarily released at the end of the homes' lifespan.

- 4.5** Wales has a thriving timber frame manufacturing sector (which makes up the majority of the MMC sector in Wales) and the CVHP Housing Partnership will seek to engage with Wales based timber framed producers to provide a boost to the foundational economies of the regions of Wales.

5. Resources and Legal Considerations

Financial

- 5.1** Full financial details will be addressed in the Part II Report included later on the agenda.

Employment

- 5.2** To deliver the CVHP, it is imperative that adequate resources are in place to support the Housing Development Team. Within the Development Team a dedicated Project Manager and Project support will be required to manage the development of this partnership as well as the procurement exercise, however the following will also be needed:

- Legal – drafting of Development Agreement, contract structure, procurement advice.
- Cost consultants – Helping to structure tender packs, evaluation of costs, viability advice.
- Finance – assessing bids, profiling Capital, helping with viability assessments.

- 5.3** If there are insufficient internal resources in these areas these gaps will need to be filled by external consultants.

Legal (Including Equalities)

- 5.4** The Council is required to comply with Council's Financial Procedure Rules; the Council's Contract Procedure Rules; the Public Contract Regulations 2015 and Procurement law generally to ensure the Council is obtaining value for money for the provisions of works and /or services anticipated to be procured via the partnership/development agreement.

- 5.5** Section 120 of the Local Government Act 1972 enables the Council to acquire land for either (a) the benefit, improvement or development of its area or (b) for any of its functions under any enactment and section 17 Housing Act 1985 enables the Council as Local Housing Authority to acquire properties or land for housing accommodation. This is an important consideration, as land will need to be acquired to invest in the CVHP.

- 5.6** Section 123 of the Local Government Act 1972 provides the power to dispose of

land for not less than best consideration reasonably obtainable. This again will be an important consideration when determining the value attributable to the land contained within the CVHP and subsequent related Development Agreements that contain the sale of market housing.

- 5.7** The Housing Development Team will continue to liaise with Legal Services and Procurement on all legal and procurement aspects and matters concerning the continued development of the CVHP.

6. Background Papers

None.

Cardiff and Vale Housing Partnership

Tender Report

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1. Executive Summary

This report sets out the tender process undertaken by Cardiff Council (“Cardiff”) and the Vale of Glamorgan Council (“the Vale”) together referred to as the “Councils”, to select a developer partner for the establishment of a Housing Partnership (“the Partnership”) for delivery of housing in the two authority areas.

The developer partner selection process comprised a Pre-Qualification Questionnaire (PQQ) stage and a Tender Stage. It was recommended and approved by both councils to proceed with a Competitive Dialogue procurement route. The Tender stage has now concluded, and a Preferred Bidder has been identified.

The PQQ stage identified a shortlist of applicant following full exposure to the marketplace. This was done by inviting interested parties to submit a PQQ response that tested bidders’ capabilities and capacity to undertake the developments. An evaluation panel made up of Council officers and advisors considered all the PQQ responses and made a recommendation of a shortlist. The shortlisted parties were Lovell, United Living and Wates.

The three shortlisted parties were then issued with a detailed tender pack for the second stage of the procurement process. These documents included legal and commercial documents setting out the Councils’ minimum requirements for the Partnership in more detail as well as confirming the award criteria as stated in the procurement documents. The documents and criteria issued formed the basis of the Competitive Dialogue held with each shortlisted bidder.

Two rounds of dialogue meetings were held. Bidders provided written submissions for each dialogue meeting, around which meeting agendas were structured. There was an ongoing clarification process with all bidders throughout the dialogue stage, giving them equal opportunities to engage with the Councils and their advisors on all aspects of their tender proposals. Key documents, generally regarding the commercial aspects of the Partnership, were also exchanged at regular intervals via the procurement portal. Together these practices allowed bidders to make appropriate changes to meet the Councils’ requirements and ultimately improve the quality of their final bids.

Following conclusion of the dialogue stage, an Invitation to Submit Final Tenders (ISFT) was issued to bidders. Three tender proposals were received from Lovell, United Living and Wates. The evaluation panel then assessed each of the tenders against the set of criteria, as set out in the tender documents. United Living’s tender did not meet the minimum threshold score for question C1.4 and was therefore rejected from the process and not evaluated further. Lovell scored a total of 92.4% and Wates scored a total of 91.4% and Lovell is therefore recommended as Preferred bidder.

Following evaluation of the final tenders, this report has now been prepared by Savills setting out the outcome of the tender process together with a recommendation to select Lovell as Preferred Bidder. Across the range of technical criteria Lovell provided proposals that met the Council requirements and gave confidence on the deliverability of their Partnership proposals. Their financial offer is competitive and considered robust with evidenced costs and values to underpin the offer. The contract documents agreed with Lovell through dialogue reflect points discussed which both Councils are satisfied do not materially affect the risk position as set out in contract documentation issued at the start of the procurement process.

Cardiff & Vale Housing Partnership

Tender Report



Following approval of Lovell as Preferred Bidder at Cardiff Council's Cabinet in December (the Vale of Glamorgan Council having already obtained Cabinet approval to enter contract negotiations with a preferred bidder in May 2023), the Councils will enter into final contract negotiations in order to exchange contracts in Q1 of 2025, subject to approvals and a satisfactory outcome to the contract negotiations.

2. Introduction

The purpose of this report is to set out the procurement process and outcome of the Invitation to Submit Final Tenders stage of the process which seeks to establish the preferred bidder from the three shortlisted participants, which were selected from the PQQ stage, namely Lovell, United Living and Wates.

Cardiff Council and the Vale of Glamorgan Council are running a competition to secure a partner in line with the Public Contracts Regulations 2015 ("Regulations") using the Competitive Dialogue procedure.

3. Procurement Process to Date

All stages of this tender process have been conducted through an online portal (Proactis) that the Councils' procurement team has coordinated.

The first stage of the process was the Pre-Qualification Questionnaire (PQQ) which was issued on the 6th of November 2023. Bidders had until the 22nd of November 2023. Evaluation was undertaken by a panel consisting of Council officers and its advisors (Savills & Strongs) and three shortlisted bidders, Lovell, United Living and Wates were confirmed.

The Invitation to Participate in Competitive Dialogue (IPCD) was issued to the three shortlisted bidders on 20th February 2024 with a briefing session for all bidders held on the 28th of February 2024.

As part of the process bidders were able to submit any clarification questions through the tender portal with the Council responding to these within a limited time period. The responses to any queries considered not to be of a commercial nature, were shared with all bidders.

Bidders were then asked to submit Outline Proposals on 19th March 2024. Outline Proposals were reviewed by the evaluation panel, but not assessed, as the purpose of them is to form the basis for discussion during dialogue meetings. Round one of dialogue meetings took place as follows:

- Dialogue meeting 1 (Commercial & Legal criteria) – 9th & 10th April 2024
- Dialogue meeting 2 (Quality criteria) - 16th & 17th April 2024

Bidders were then asked to submit Revised Outline Proposals on 23rd May 2024, to reflect feedback given during the first round of dialogue meetings.

Round two of dialogue consisted of the following:

- Dialogue meeting 3 (Commercial & Legal criteria) – 11th & 12th June 2024
- Dialogue meeting 4 (Quality Criteria) – 18th & 19th June 2024
- Dialogue meeting 5 (Wrap up session) – 2nd & 3rd July 2024

Following conclusion of the dialogue meetings Bidders were asked to submit their final tenders by 12 noon on 19th August 2024.

4. Tender Stage Evaluation Criteria

4.1. Award Criteria

Bidders were asked to submit a tender comprising a number of Quality (Technical) and Commercial elements, the objective being to test the full cross section of the Councils priorities in selecting the development partner. The table below sets out all of the criteria that bidders were asked to include in their tender with the weighting attached to each element, as per the published procurement documents. The criteria were split 60% Quality and 40% Commercial.

CRITERIA	WEIGHTING	SUB-CRITERIA	SUB-CRITERIA WEIGHTING
Quality Criteria 1 Resourcing	15%	Q1.1 Core Project Team Resourcing – Partnership Level	5%
		Q1.2 Delivery Team resourcing – Project Level	5%
		Q1.3 Stakeholder and Community Engagement Team	5%
Quality Criteria 2 Scheme Delivery	20%	Q2.1 Partnership Programme & Improvement Options	7.5%
		Q2.2 Project Programme & speed of delivery	7.5%
		Q2.3 Risk Management	5%
Quality Criteria 3 Development	15%	Q3.1 Sustainability and net zero carbon approach	5%
		Q3.2 Modern methods of construction & benefits, supply chain	5%
		Q3.3 Added Value and Innovation	5%
Quality Criteria 4 Social Value	10%	Q4.1(a) TOMS – Quantitative response	3%
		Q4.1(b) TOMS – Qualitative response	3%
		Q4.1(c) Delivery Plan	2%

		Q4.2 Response to Socially Responsible Procurement Charter	2%
Commercial Criteria 1 – Financial	30%	C1.1 Developer profit margin	7.5%
		C1.2 Contract Sum analysis	10%
		C1.3 Contractor margin/OH&P	7.5%
		C1.4 Supporting Information	5%
Commercial Criteria 2 – Legal	10%	C2.1 Contractual documentation mark up	10%

The weighting attached to each criterion were chosen based on the relative importance attached to each element and were developed in collaboration with the Council and its project team. The overall set of criteria, both in terms of weighting and content, reflect approaches we have seen on other comparable projects and are considered market facing.

4.2. Quality Criteria Scoring Methodology

In evaluating the Quality Criteria 1 - 3 tender responses the following scoring methodology was used.

SCORE	DESCRIPTION
5	The response meets all of the requirements as set out in the question and exceeds (through innovation or added value) the majority of the requirements set out within the question and provides comprehensive supporting detail and evidence with no omissions.
4	The response meets the requirements as set out in the question and exceeds (through innovation or added value) some of the requirements as set out in the question and provides comprehensive supporting details and evidence with no omissions.
3	The response meets the requirements set out in the question and provides supporting detail and evidence with only minor omissions (if any).
2	The response does not fully meet the requirements set out in the question or fails to meet a significant requirement set out in the question and/or is lacking in supporting detail and evidence provided.
1	The response fails to meet the majority of the requirements set out in the question and/or is significantly lacking in supporting detail or evidence provided.
0	The response fails to meet all of the requirements set out in the question or no response has been submitted.

For the Quality criteria 4, bidders had to respond with a number of social value commitments that related to key social value themes in line with Cardiff Council and Vale of Glamorgan Council's priorities and policies. Bidders were awarded points based on the level of commitment they were able to put forward, under each of the social value key themes within the TOMS matrix. The scoring was calculated using the following formula:

- The Bidder submitting the highest aggregate target value (after any discounting made as a result of the evaluation) will be scored the maximum available score for the quantitative element (i.e. 3%) (subject to satisfactory evidence being provided to support the proposal).
- All other Bidders will be scored relative to the Bidder submitting the highest aggregate target value as follows:

$$\frac{\text{Bidder's aggregate target value}}{\text{Highest aggregate target value}} \times 3\%$$

Their response to the qualitative questions (4.1b, 4.1c and 4.2) was evaluated in line with the following scoring methodology.

SCORE	DESCRIPTION
5	Response is completely relevant and excellent overall. The response is comprehensive, unambiguous and demonstrates a thorough understanding of the requirements and provides comprehensive and clear details of how social value offers made will be delivered. The response provides a high level of certainty that the bidder will deliver their social value commitments.
4	Response is completely relevant and very good overall. The response is comprehensive, unambiguous and demonstrates a thorough understanding of the requirements and provides comprehensive and clear details of how social value offers made will be delivered. The response provides a level of certainty that the bidder will deliver their social value commitments.
3	Response is relevant and good. The response addresses all requirements and is sufficiently detailed to demonstrate a good understanding and provides details of how the requirements will be fulfilled but includes some ambiguity or minor inconsistencies as to how social value offers made will be delivered. The response provides some confidence that the bidder will deliver their social value commitments.
2	Response is relevant and fair. The response addresses all requirements and demonstrates a fair understanding of the requirements but lacks details on how certain social value offers made will be delivered or contains some inconsistencies. Alternatively, the response fails to address the majority of the requirements. The response provides some concerns that the bidder will deliver the social value commitment.
1	Response is partially relevant but generally poor. The response addresses some of the requirements but contains insufficient/limited detail or explanation to demonstrate how the requirements (or any of them) will be fulfilled or contains major inconsistencies. Alternatively, the response fails to address all of the requirements. The response provides significant reservations that the bidder will deliver the social value commitment.
0	No response submitted, or response fails entirely to demonstrate an ability to meet any of the requirements.

4.3. Commercial Criteria 1 – Financial

C1.1 Developer Margin and C1.3 Contractor Margin/OH&P

Bidders were asked to submit their developer margin (C1.1), using Cardiff's St Teilos scheme as the sample project and their contractor margin (C1.3) using the Vale's Pencoedre High School scheme.

The scoring methodology for questions C1.1 Developer Margin and C1.3 Contractor Margin, was to calculate the average of the financial submissions and the bidder that submitted the closest to average is awarded full marks. The other submissions are evaluated on the basis of distance to average of the submitted margin. The Bidder that submitted the closest to average is awarded full marks. Other bidders are awarded scores by reference to the scoring banding below.

Score Banding	Score	Weighted Score
65.1% (or more) less than average	5	0
55.1% - 65% less than average	10	1
45.1% - 55% less than average	30	2.3
35.1% - 45% less than average	50	3.8
20.1% - 35% less than average	70	5.3
5.1% - 20% less than average	90	6.8
5% greater or lesser than average	100	7.5
5.1% - 20% greater than average	80	6
20.1% - 30% greater than average	60	4.5
30.1% - 40% greater than average	40	3
40.1% - 50% greater than average	20	1.5
50.1% - 60% greater than average	10	1
60.1% (or more) greater than average	5	0

C1.2 Contract Sum Analysis

Bidders were asked to provide a completed contract sum analysis (CSA) in relation to a sample site, the St Teilos site in Cardiff. The submitted CSAs were evaluated on the basis of distance to average. The average construction cost was calculated and the bidder with the response closest to average was awarded full marks. Other bidders are awarded scores by reference to the distance from the average cost.

C1.4 Supporting Information

The bidders' supporting information was assessed for robustness of the assumptions making up their development appraisal and CSA. This was scored using the following scoring methodology:

This question includes a threshold score of '3'. This means any response which received a score of less than 3 at the final tender stage would not be considered further in the evaluation and would be excluded from the process.

SCORE	DESCRIPTION
5	The supporting information is considered to be robust with all assumptions fully aligning to the Bidder's solutions and/or the current market conditions. There are no concerns around the credibility of the financial offer and/or assumptions made.
4	The supporting information is considered to be robust with the majority of assumptions generally aligning to the Bidder's solutions and/or the current market conditions. There are only minor concerns around the credibility of the financial offer and/or assumptions made.
3	The supporting information is considered to be reasonably robust but not fully aligned to the Bidder's solutions and/or the current market conditions. There are material concerns around the credibility of the proposed financial offer and/or assumptions made.
2	The supporting information is not robust and there is significant misalignment with the Bidder's solutions and/or the current market conditions. There are serious concerns around the credibility of the proposed financial offer and/or assumptions made.
1	The supporting information is not robust and is completely misaligned with Bidder's solutions and/or the current market conditions. There is no confidence in the credibility of the financial offer and/or assumptions made.
0	The supporting information fails to meet the requirements set out in the question and/or the response does not allow the Contracting Authorities to evaluate the supporting information and/or is irrelevant and/or no supporting material has been submitted.

4.4. Commercial Criteria 2 – Legal

The bidders were provided with a suite of contract documents which form the basis for the Partnership being tendered. As part of their submission bidders had to submit a mark-up of the contract documents. The documents were asked to provide comment on are as follows:

- Draft Partnership Agreement
- Draft Form of Development Agreement
- JCT DB 2024 - Standalone contract - updated from 2016
- Annex 2 - Additional Conditions of Contract
- JCT PCSA (General Contractor) 2016 Schedule of Amendments
- Cardiff and Vale New Housing Partnership - Performance and continuous improvement paper - IPCD version
- Site Approval Process & Pre-development Activity – paper
- Default / termination scenarios and consequences paper
- Relationship between Councils and related governance - paper
- Schedule 4 - Parent company guarantee from contractor's parent company

In evaluating the legal submissions, the following scoring methodology was used:

SCORE	COMMENTARY
5	Demonstration by the Bidder of its acceptance of all the material terms of the Contractual Documentation and risk allocation as proposed by the Contracting Authorities or, where the Bidder proposes an amendment to a material term or the risk allocation proposed by the Contracting Authorities, the Bidder has demonstrated to the satisfaction of the Contracting Authorities that there is no detriment to the Contracting Authorities in its proposals, together with suggestions (and justification) which will offer benefit to the Contracting Authorities.
4	Demonstration by the Bidder of its acceptance of the vast majority of the material terms of the Contractual Documentation and risk allocation as proposed by the Contracting Authorities and / or, where the Bidder proposes an amendment to a material term or the risk allocation proposed by the Contracting Authorities, the Bidder has demonstrated to the satisfaction of the Contracting Authorities that there is no detriment to the Contracting Authorities in its proposals.
3	Demonstration by the Bidder of its acceptance of the majority of the material terms of the Contractual Documentation and risk allocation as proposed by the Contracting Authorities with some deviations whose cumulative effect adversely affects the Contracting Authorities' position but not to a significant extent.
2	Demonstration by the Bidder of its acceptance of some the terms of the Contractual Documentation and risk allocation as proposed by the Contracting Authorities with material deviations that would adversely affect the Contracting Authorities' position.
1	Reservations of the Bidder's acceptance of some of the terms of the Contractual Documentation and risk allocation as proposed by the Contracting Authorities with substantial deviations from the Contracting Authorities' position that would materially adversely affect the Contracting Authorities' position.
0	Does not accept the material terms of the Contractual Documentation and risk allocation as proposed by the Contracting Authorities and/or the Bidder has proposed amendments which alter the risk allocation to a wholly unacceptable degree.

5. Evaluation Process

Following close of dialogue, submissions from all three bidders were submitted via the tender portal by the deadline of 12 noon 19th August 2024.

Evaluation was carried out by the following panel members, with Browne Jacobson undertaking the role of moderator, as per the first stage of the process.

Sub-Criteria	Evaluators	Position
Q1.1 Core Project Team (Partnership level)	Kate Cutter David Jaques Andrew Freegard Joseph Thomas Strong's Partnership Savills	Operations Manager, Cardiff Council Assistant Director, Cardiff Council Operational Manager – Vale Council Project Manager – Cardiff Council Cost Consultant Commercial Advisor
Q1.2 Delivery Team (Project Level)	Kate Cutter David Jaques Andrew Freegard Joseph Thomas Strong's Partnership Savills	Operations Manager, Cardiff Council Assistant Director, Cardiff Council Operational Manager – Vale Council Project Manager – Cardiff Council Cost Consultant Commercial Advisor
Q1.3 Stakeholder and Community Engagement Team	Kate Cutter David Jaques Andrew Freegard Joseph Thomas Strong's Partnership Savills	Operations Manager, Cardiff Council Assistant Director, Cardiff Council Operational Manager – Vale Council Project Manager – Cardiff Council Cost Consultant Commercial Advisor
Q2.1 Partnership Programme and improvement options	Kate Cutter David Jaques Andrew Freegard Strong's Partnership Savills	Operations Manager, Cardiff Council Assistant Director, Cardiff Council Operational Manager – Vale Council Cost Consultant Commercial Advisor
Q2.2 Project programme and speed of delivery	Kate Cutter David Jaques Andrew Freegard Strong's Partnership Savills	Operations Manager, Cardiff Council Assistant Director, Cardiff Council Operational Manager – Vale Council Cost Consultant Commercial Advisor
Q2.3 Risk Management	Kate Cutter David Jaques Andrew Freegard Strong's Partnership Savills	Operations Manager, Cardiff Council Assistant Director, Cardiff Council Operational Manager – Vale Council Cost Consultant Commercial Advisor
Q3.1 Sustainability and net zero carbon approach	Kate Cutter David Jaques Andrew Freegard Joseph Thomas Catrin Sneade Strong's Partnership Savills	Operations Manager, Cardiff Council Assistant Director, Cardiff Council Operational Manager – Vale Council Project Manager – Cardiff Council Project Manager – Cardiff Council Cost Consultant Commercial Advisor
Q3.2 Modern methods of construction & benefits, Supply chain	Kate Cutter David Jaques Andrew Freegard Joseph Thomas	Operations Manager, Cardiff Council Assistant Director, Cardiff Council Operational Manager – Vale Council Project Manager – Cardiff Council

	Catrin Sneade Strong's Partnership Savills	Project Manager – Cardiff Council Cost Consultant Commercial Advisor
Q3.3 Added value and Innovation	Kate Cutter David Jaques Andrew Freegard Joseph Thomas Catrin Sneade Strong's Partnership Savills	Operations Manager, Cardiff Council Assistant Director, Cardiff Council Operational Manager – Vale Council Project Manager – Cardiff Council Project Manager – Cardiff Council Cost Consultant Commercial Advisor
Q4.1 TOMS	Gemma Ellis Laura Pine	Senior Category Manager – Cardiff Category Specialist – Cardiff Council
Q4.2 Response to Socially Responsible Procurement Charter	Gemma Ellis Laura Pine Kate Cutter Savills	Senior Category Manager – Cardiff Category Specialist – Cardiff Council Operations Manager – Cardiff Council Commercial Advisor
C1.1 Developer profit margin	Savills	Commercial Advisor
C1.2 Contract sum analysis	Strong's Partnership	Cost Consultant
C1.3 Contractor Margin/OH&P	Strong's Partnership Savills	Cost Consultant Commercial Advisor
C1.4 Supporting Information	Strong's Partnership Savills	Cost Consultant Commercial Advisor
C2 Contractual documentation mark up	Browne Jacobson	Legal Advisor

The evaluation panel undertook individual evaluation of the submissions in line with the scoring criteria and collated any clarification questions. Upon receipt of responses to these clarifications, individual evaluation was concluded with moderation taking place across the period w/c 16th September – w/c 4th November 2024.

Evaluation of the submissions was undertaken in a two-stage process, stage 1 being a compliance review, i.e. to check that responses are within page limits published and that all questions have been responded to, and stage 2 the assessment against the criteria by the evaluation panel.

6. Evaluation Outcome

6.1. Quality Scoring Criteria 1-3

The three bidders were assessed against the criteria and the table below set out the scores out of five that each bid received against the assessment criteria.

The resultant scores for Criteria 1-3 were as follows:

Sub-Criteria		Weighting	Lovell		United Living		Wates	
			Score (out of 5)	Weighted Score	Score (out of 5)	Weighted Score	Score (out of 5)	Weighted Score
1.1	Core Project Team Resourcing – Partnership Level	5%	5	5%	3	3%	5	5%
1.2	Delivery Team resourcing – Project Level	5%	5	5%	2	2%	5	5%
1.3	Stakeholder and Community Engagement Team	5%	4	4%	2	2%	4	4%
2.1	Partnership Programme & Improvement Options	7.5%	5	7.5%	2	3%	4	6%
2.2	Project Programme & speed of delivery	7.5%	5	7.5%	3	4.5%	4	6%
2.3	Risk Management	5%	4	4%	2	2%	3	3%
3.1	Sustainability and net zero carbon approach	5%	4	4%	2	2%	5	5%
3.2	Modern methods of construction & benefits, supply chain	5%	5	5%	3	3%	5	5%
3.3	Added Value and Innovation	5%	4	4%	2	2%	4	4%
Total		50%		46%		23.5%		43%

6.2. Quality Scoring Criteria 4

Criteria 4 was scored as outlined in Section 4.2 above. The resultant scores are set out below:

Sub-Criteria		Weighting	Lovell		United Living		Wates	
			Score (out of 5)	Weighted Score	Score (out of 5)	Weighted Score	Score (out of 5)	Weighted Score
4.1 (a)	TOMS - Quantitative response	3%	Based on calculation	1.8%	Based on calculation	0.7%	Based on calculation	3%
4.2 (b)	TOMS – Qualitative response	3%	3	1.8%	2	1.2%	4	2.4%
4.1 (c)	Delivery Plan	2%	3	1.2%	4	1.6%	5	2%
4.2	Response to Socially Responsible Procurement Charter	2%	4	1.6%	3	1.2%	5	2%
Total		10%		6.4%		4.7%		9.4%

6.3. United Living Bid

Question C1.1 of the tender required the following as part of the submission:

“Bidders are requested to submit a development appraisal for the Pencoedtre High School site. The appraisal should be presented in an unlocked format in Microsoft Excel.”

United Living provided a summary sheet of what they labelled an appraisal, in pdf format. This included only costing information but did not include any revenue information as was requested by the question and would be expected in a development appraisal. The United Living response addressed the lack of appraisal within their submission, stating that they consider their appraisal to be a commercially confidential document and that they would only be willing to share this information if successful.

The IPCD section 4.3.1.3 states:

“The Contracting Authorities reserve the right to reject any Tender, based on the supporting information, where that:

- *contains inaccurate information;*
- *contains incomplete information; and/or*
- *does not align with the Bidder's responses to any of the Quality Criteria Q1-3.”*

Furthermore section 4.3.1.5 of the IPCD states:

“Commercial Criteria C1.4 – Supporting Information

Bidders should note that this question has a threshold score of ‘3’. Any response which receives a score of less than 3 at final tender stage will not be considered further.”

The United Living submission for C1.4 supporting information was found to be incomplete and did not meet the requirements of the question. This meant the evaluation panel were unable to evaluate the supporting information and come to an assessment of the credibility of their financial offer. Their response under C1.4 received a score of 0 out of 5 and therefore did not meet the threshold score of 3 which was stated in the IPCD.

As a consequence of the above, their submission was rejected, in line with the IPCD document provisions.

6.4. Commercial Scoring – Financial Submissions

As set out in section 4.3 above, the responses to questions C1.1-C1.3 were evaluated by reference to the average bid under each of those criteria.

As a result of United Living being rejected from the rest of the process, the calculation of distance to average results in both Lovell and Wates being the same distance from the average. Therefore, in line with the provisions of the IPCD, both Lovell and Wates received the full marks for criteria C1.1-C1.3.

The supporting financial information part of their tender (C1.4) comprised a method statement with details on assumptions / evidence in support of their development appraisals and financial submissions. Each response was assessed to produce a score that was then weighted to reflect the 10% weighting assigned to this element, with the resultant scores below:

Sub-Criteria		Weighting	Lovell		Wates	
			Score	Weighted Score	Score	Weighted Score
C1.1	Developer profit margin	7.5%	Based on calculation	7.5%	Based on calculation	7.5%
C1.2	Contract Sum analysis	10%	Based on calculation	10%	Based on calculation	10%
C1.3	Contractor margin/OH&P	7.5%	Based on calculation	7.5%	Based on calculation	7.5%
C1.4	Supporting Information	5%	5	5%	4	4%
Total		30%		30%		29%

6.5. Commercial (Legal) Scoring

The legal tender part of the tender comprised bidders' mark-ups of key legal documents set out above. Each set of marked-up documents was assessed to produce a score that was then weighted to reflect the 10% weighting assigned to this element, with the resultant scores below.

Sub-Criteria		Weighting	Lovell		United Living		Wates	
			Score (out of 5)	Weighted Score	Score (out of 5)	Weighted Score	Score (out of 5)	Weighted Score
C2.1	Contractual documentation mark up	10%	5	10%	2	4%	5	10%
Total		10%	5	10%	2	4%	5	10%

6.6. Overall Scoring

The tables above set out the scoring for each element of the tender. These scores have been combined to reach an overall score as set out in the table below:

Sub-Criteria		Weighting	Lovell		United Living		Wates	
			Score (out of 5)	Weighted Score	Score (out of 5)	Weighted Score	Score (out of 5)	Weighted Score
1.1	Core Project Team Resourcing – Partnership Level	5%	5	5%	3	3%	5	5%
1.2	Delivery Team resourcing – Project Level	5%	5	5%	2	2%	5	5%
1.3	Stakeholder and Community Engagement Team	5%	4	4%	2	2%	4	4%
2.1	Partnership Programme & Improvement Options	7.5%	5	7.5%	2	3%	4	6%
2.2	Project Programme & speed of delivery	7.5%	5	7.5%	3	4.5%	4	6%
2.3	Risk Management	5%	4	4%	2	2%	3	3%

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3.1	Sustainability and net zero carbon approach	5%	4	4%	2	2%	5	5%
3.2	Modern methods of construction & benefits, supply chain	5%	5	5%	3	3%	5	5%
3.3	Added Value and Innovation	5%	4	4%	2	2%	4	4%
4.1 (a)	TOMS - Quantitative response	3%	Based on calculation	1.8%	Based on calculation	0.7%	Based on calculation	3%
4.2 (b)	TOMS – Qualitative response	3%	3	1.8%	2	1.2%	4	2.4%
4.1 (c)	Delivery Plan	2%	3	1.2%	4	1.6%	5	2%
4.2	Response to Socially Responsible Procurement Charter	2%	4	1.6%	3	1.2%	5	2%
C1.1	Developer profit margin	7.5%	Based on calculation	7.5%	n/a	n/a	Based on calculation	7.5%
C1.2	Contract Sum analysis	10%	Based on calculation	10%	n/a	n/a	Based on calculation	10%
C1.3	Contractor margin/OH&P	7.5%	Based on calculation	7.5%	n/a	n/a	Based on calculation	7.5%
C1.4	Supporting Information	5%	5	5%	0	0%	4	4%
C2.1	Contractual documentation mark up	10%	5	10%	2	4%	5	10%
Total		100%	92.4%			32.2%	91.4%	

As Lovell achieved the highest overall score, they are ranked first, with Wates ranked second.

7. Summary of Final Tender Submissions

Generally, both the Lovell and Wates submissions were of very high quality, with neither bidder scoring less than a 3 on any of the quality criteria, demonstrating that bidders had an excellent understanding of the Councils' objectives for the Partnership and their proposals for delivering of the programme of sites. The United Living submission was less developed, with a lack of depth to many responses and some omissions.

Set out below are the summaries of the moderated feedback from the evaluation panel's discussions.

7.1. Criteria 1.1 – Resourcing Core Project Team (Partnership Level)

Lovell achieved a moderated score of 5 out of 5. The response provided by Lovell meets all of the requirements set out within the question. It provided confidence that the core project team will provide the expertise expected and that the personal put forward are experienced and familiar with the Partnership / opportunity having been involved in the process to date. It is also noted that the proposal includes an ability to 'dial up or down' the resources as the partnerships demand, offering additional flexibility and preventing overburdening of the partnerships, which is welcomed.

The allocated time is acceptable and a clear interface with the Councils is evidenced. The activities, roles and responsibilities of the Strategic & Partnership Boards are clear. The Councils have the ability to co-select external specialist consultants. The organogram is clear and detailed. Clear added value is demonstrated through the proposed sponsorship / funding of posts in planning, highways and SAB.

Further added value is seen in the proposed land team intended to identify opportunities for sites that can be used for the modular unit relocations. Additionally, it was noted that overhead core team / management costs have not been included at partnership level for the team, which is welcomed. The response is well documented and supported with high levels of detail and evidence. No omissions were identified. The proposal of a collaboration event was well received.

United Living achieved a moderated score of 3 out of 5. The response provided by United Living meets the requirements of the question with minor omissions and no demonstrable added value or innovation. It was noted that the core team are experienced and allocating 100% of their time to the partnerships. However, it was also noted a single core team would cover both partnerships and the executive team resource is limited. No 'in-house' sales function is provided for and this being a third-party operation has not been sufficiently detailed. There is a high level of further recruitment required throughout the team. Additional detail was required in respect of the governance pathways and relations between the Councils' officers and the core United Living Team.

Wates achieved a moderated score of 5 out of 5. The response provided by Wates meets all of the requirements set out within the question. It provided confidence that the core team are in place and Wates can resource the partnerships without further recruitment. The team proposed is large, and the rationale for this has been set out. Governance and relationships across both Strategic Board and Partnership Board evidenced and well presented, with dedicated points of contact for the Councils named. It was noted that the personnel named are familiar with the Partnership / opportunity having been involved in the process to date. Both organograms are clear and understandable.

A panel of consultants has been suggested, with Wates open to Council suggestions also. Innovation was demonstrated through the split into 3 workstreams (low rise, apartment and modular) which provides an expertise-based approach and is suggested would bring efficiencies. It was noted that proposed relocation to Culverhouse Cross would be central to both Cardiff and the Vale and would provide access to training. The proposal of an initial kick off workshop facilitated by a Vale of Glamorgan SME was well received.

7.2. Criteria 1.2 – Resourcing Delivery Team (Project Level)

Lovell achieved a moderated score of 5 out of 5. The response to this question meets all of the requirements set out within the question and exceeds the majority of the requirements through added value.

The response gives clear detail that adequate resources are in place to ensure the programme is deliverable. Careful consideration of the resource delivery plan for each Council was noted. The proposed central bank of core delivery team members (as opposed to two regional teams) is noted, in particular in respect of this better allowing for time allocation across the partnerships. Both organograms provided are well resourced and high time allocation is welcomed. A clear strategy has been provided on how currently vacant posts will be recruited into. The Handover Quality Manager role is clear added value. Commentary provided on preventing an overburden of costs on the Councils has been provided which is considered added value. The ability of Lovell to scale up and down for variance in output is welcomed and beneficial to the partnerships. Lovell's integrated comprehensive reporting systems to ensure consistency across the developments / sites is added value.

United Living achieved a moderated score of 2 out of 5. The response to this question does not fully meet the requirements and is lacking in supporting detail and evidence. The importance of local management teams is recognised, and the key management roles identified on the structure chart, with an existing resource allocated, do have the expertise and experience necessary. The response was not considered to be sufficiently comprehensive. The response addressed the gaps in existing resource but does not provide a robust strategy for addressing this. This does not give confidence that the delivery of the programme will be at pace. No pre-construction team has been identified for numerous early-stage site, and it was further noted that external delivery team has not been addressed. Some of the aspects of the questions have not been fully addressed such as the interface with the Councils. Lessons learnt was also not sufficiently detailed.

Wates achieved a moderated score of 5 out of 5. The response to this question meets all of the requirements set out within the question and exceeds the majority of the requirements through added value. The response was comprehensive and draws on experience and lessons learnt from other partnerships (with the lessons learnt being noted as added value). It clearly demonstrates how experience will add value into the resourcing of the projects and provide efficiencies in delivery. Utilisation of the 'Cardiff Living' brand is a clear added value. A good overview of the external resources needed and how collaboration with the Councils will be delivered. The team is well-resourced, and a clear organogram has been provided. It was noted that no detail / narrative was provided on sales team.

7.3. Criteria 1.3 – Stakeholder and Community Engagement Team

Level achieved a moderated score of 4 out of 5. The response provided meets all of the requirements set out in the question and demonstrates some added value / innovation in respect of the proposed use of 'Place Changer' interactive platform. The response is detailed and gives complete confidence that Lovell are well experienced in community and stakeholder engagement.

The response clearly demonstrates that Lovell have adequate resources in place to deliver the methods and process detailed. It was noted that Lovell have confirmed that they are already working with Construction Academy and are looking at ways to expand this into the Vale of Glamorgan. A comprehensive list of key stakeholders has been identified and collaboration with Council officers was well addressed, although Councillors were omitted, and their inclusion would have been beneficial. It was also noted in particular that the planning department has been identified as an external stakeholder, which is welcomed. Stakeholders buy-in for developments was addressed and it is noted that external specialists are to be utilised to achieve greater reach and penetration. It is noted that Lovell are mindful of the need for a co-ordinated approach across the programmes in order to avoid confusion on messaging.

United Living achieved a moderated score of 2 out of 5. The response provided does not fully meet the requirements of the question. The response provided was very high level and lacked detail on the 'how'. An engagement plan has been provided which relies on the RIBA plan / stages. Whilst high level stakeholders have been identified the emphasis appears to be on relying on the Council officers to assist in identifying stakeholders and the most appropriate form of engagement. The response focussed on basic engagement methods, and it was noted that a wider range of stakeholders were missed, and stakeholder buy in / maximising stakeholder buy in was not sufficiently addressed in the response.

Wates achieved a moderated score of 4 out of 5. The response provided meets all of the requirements set out in the question and demonstrates some innovation in the form of the virtual and augmented reality tools. The response clearly demonstrated Wates' proven ability to deliver successful and meaningful community engagement by way of the detailed engagement plan provided. It was also noted that Wates' propose using expert consultants for 'tricker' sites. A comprehensive list of key stakeholders identified covering political, Council, community, social and environmental organisations. Stakeholder mapping including HACT to drill down into socio-economic metrics at a Ward level was welcomed. Stakeholder buy-in is addressed and Wates' proposal in respect of being present and seen in local communities using local facilities and services is noted. The response gives confidence that appropriate resources are being proposed and a wide range of methods have been set out in a clear strategy. Similarly, a clear strategy around interface with the Councils teams has been provided.

7.4. Criteria 2.1 - Partnership Programme and Improvement Options

Lovell achieved a moderated score of 5 out of 5. The response meets all of the requirements as set out in the question. The response is very detailed and takes account of matters such as critical paths and the promotion of affordable housing against open market demonstrating that Lovell are looking at ways to help the Council improve on their challenges. In particular it was noted that Lovell recognises that the cost of temporary accommodation is a motivational factor in increasing pace of affordable housing delivery to realise longer term savings for the Councils. The 'bringing forward' of the affordable housing sites was evidenced and justified and provided added value for the Councils. The programmes proposed are a total of 8 years for the Cardiff partnership and 6 years for the Vale of Glamorgan partnership. This represented a reduction in programme from that set out in the MOI.

All pre-contract activities were detailed with good assumptions. The optimised programme provided included detailed supporting rationale (including in respect of geographical grouping, site constraints and optimum blend of MMC) and demonstrated a realistic and effective approach. It was further noted that this programme was not dictated by sales pace and recognised the importance that supply of homes for sale correlates with demand.

Further value add was evident in the funding of posts in planning (to accelerate pre-construction activities) and proposals in respect of the modular relocation sites. The cashflow analysis provided was welcomed.

United Living achieved a moderated score of 2 out of 5. The response provided does not fully meet the requirements; an optimised programme has not been provided and no clear response to the requirement to improve current phasing could be identified. United Living's response has not considered the Vale of Glamorgan priorities in relation to Broad Street and fails to recognise the use and benefit of PCSA's and opportunities for collaboration with the Councils' planning, highway and SAB. Information on the delivery schedule is in note form and doesn't suggest detailed planning behind it but rather a more generic 'standardised' approach.

Wates achieved a moderated score of 4 out of 5. The response meets all of the requirements as set out in the question. The programme provided is optimised and offers a reduced programme, to 6 years (with the exception of Atlantic Wharf). It was, however, noted that the programme submitted does not recognise that Broad Street is a priority and must be the first Vale of Glamorgan site to be delivered. It was noted that Wates propose four live projects for each partnership being delivered concurrently. The optimised programme proposed evidenced a potential £62.5 million saving to the total programme costs and an additional 256 affordable homes and 408 market homes being brought forward by 2030. Wates' response was thorough in respect of the efficiency and speed of getting the schemes to site. In particular it was noted that the adoption of enabling packages is proposed so as to accelerate the schemes planning processes. It was, however, noted that there were a lot of assumptions and the evaluation panel queried how realistic these assumptions are / how deliverable the programme was, in particular noting the proposed pace of reaching contractual close. The evaluation panel noted that the response provided little discussion around the critical path in terms of planning, SAB, gateway process and Council governance / approval.

7.5. Criteria 2.2 - Sample Site Programme and Speed of Delivery

Lovell achieved a moderated score of 5 out of 5. The response meets the requirements as set out within the question.

The programme for both schemes was detailed and well annotated with a phase-by-phase breakdown provided. The good level of detail in description of critical path of work provides reassurance that a lot of thinking / planning has been done by Lovell to date, including taking account of the Councils' internal governance and approval processes. The response provides confidence that it is a robust programme and thought has been given to the gateway process under the contractual documents. It was noted that Lovell have provided two options for St Teilo's - conservative and accelerated, based on dual construction streams. It was noted that Lovell's proposal offers a 12-week efficiency on St. Teilo's. For Pencoedtre, the phases and optimised programme and clustering methodology provided evidenced that Lovell will bring forward completion of all affordable homes by 20 weeks.

Further added value is demonstrated by the funding of additional resource to alleviate 'pinch points'. The pre-construction summary was also seen as beneficial, the effect of planning, SAB and UAs was discussed, and efficiencies were identified and proposed. It was noted that PCSAs for enabling works are proposed and introduce efficiencies on programme.

The early engagement with sales team and pre-completion sales timings appear to be realistic. The role of the Handover Quality Manager was seen as a positive addition to the handover process and in reducing defects on properties.

United Living achieved a moderated score of 3 out of 5. Response addressed all the requirements as set out within the question but is very high level on all areas of the programme commentary. Narrative is provided for each programme for both the pre-construction and construction stages, but the commentary is very limited and much of it is in note form and therefore is difficult to follow and evaluate. United Living's response includes little discussion around the critical path in terms of Planning, SAB, Gateway process and Council governance/approval. The response is limited in relation to sales strategy or phasing to optimise affordable homes handovers or sales, and no detail has been set out in respect of aftercare in relation to sales. The response does not confirm how the critical paths will influence the outcome, how they would be managed and very little by way of efficiencies identified. The approach is clear but there is no innovation or added value being proposed. There could be minor omission around the efficiencies requirement.

Wates achieved a moderated score of 4 out of 5. The response meets the requirements as set out within the question. Comprehensive and detailed narrative regarding the critical path activities (both pre and post completion) for each site provided as well as how these will be managed and, where possible, mitigated against. A lot of detail was provided in respect of technical construction which provided reassurance on the level of work / planning to date. Strong evidence of robust and effective aftercare arrangements was provided. Although it was noted that Wates' response was 'light' on the handover process. The response also clearly identifies where efficiencies can be made. A higher score was not awarded as further detail evidencing the improvements set out was required. Sufficient detail had not been provided so as to give the evaluation panel comfort re deliverability against programme. Some of the assumptions did not seem practical (for example the use of compound and starting on site at St Teilos a couple of weeks before Christmas).

7.6. Criteria 2.3 – Risk Management

Lovell achieved a moderated score of 4 out of 5. The response meets the requirements as set out within the question. The risk register provided both at partnership and site specific level was clear and demonstrated pragmatic mitigation and control measures. It is noted that the response sets out opportunities in key risks, as well as mitigations. Lovell clearly demonstrated that they understood the importance of the register, including providing separate Risk & Opportunity Registers covering all sites for both Councils. The response gives confidence that robust risk management processes will be implemented. The response sets out a logical approach breaking the categories down into understandable segments. The additional introductory dialogue in relation to Risk Management at the Strategic Board level is noted as added value and is also well balanced and deliverable. The response did not go over and above in providing added value or innovation across the majority of the requirements set out in the question and therefore a higher score could not be awarded.

United Living achieved a moderated score of 2 out of 5. The response did not meet all requirements as set out within the question - resource was not addressed as required. A risk and opportunities register provided covering programme wide and generic risk items. The register was in note form so difficult to assess. It was noted that no 'reds' were included in the register provided. The MS Excel version submitted appeared to be part completed. A single Risk & Opportunity Register was provided for St Teilo's but nothing was provided for the Vale of Glamorgan. It was further noted that the number of risks set out for St Teilo's was extremely high.

Wates achieved a moderated score of 3 out of 5. The response meets the requirements as set out within the question. Wates' response provides a detailed, comprehensive risk register covering a wide variety of risks across the programme and on both St. Teilos and Pencoedre sites – however the wider programme sites have not been addressed. Separate and detailed opportunities registers have been provided and it is noted that good opportunities have been discussed, including a proposed shared office. No additional narrative has been provided to substantiate the approach to risk management and the identification of opportunities. It was noted that some risks have been identified as a 'shared' risk, however the evaluation panel could not understand the rationale for this under a JCT D&B. Supporting narrative on this point was not provided. The response did not identify any innovation or added value that would exceed the requirements and therefore a higher score could not be awarded.

7.7. Criteria 3.1 – Sustainability and Net Zero Carbon Approach

Lovell achieved a moderated score of 4 out of 5. The response meets the requirements as set out in the question and provides supporting detail and evidence. The submission is detailed, referencing the design guide and, in particular, evidencing how compliance with the design guide in respect of energy and building fabric performance elements will be met. The response demonstrates alignment with One Planet and Project Zero Strategies. The response compares WDQR2021 / ADL baseline against Lovell's defined energy standard, AECB CarbonLite in detail, and evidences the rationale for their choice. Excellent visual of the Path to Net Zero Carbon comparing standards such as ADL 2025 against AECB CL, and illustrating a trajectory towards net zero carbon showing (referencing a 40% reduction in heating demand for AECB CarbonLite). There is an approach detailed to maximising the benefits of achieving the Councils' aspirations for net zero focused on AECB CarbonLite and some costing information to give a likely extra/over against the base costs. Comprehensive discussion Pathways to Zero Carbon and Whole Life Carbon. A matrix approach is set out as part of Lovell's optimisation work considering costs and capabilities against the varying energy sustainability standards.

A good section has been included covering wider aspirations of SUDS & green infrastructure and commitment made to re-use rainwater. The detailed provided in respect of working with tenants to help them understand technology was considered to be clear added value. The life cycle calculation tool, Carbonica, demonstrated clear added value.

United Living achieved a moderated score of 2 out of 5. The response does not fully meet the requirements set out in the question and is lacking in supporting detail and evidence. The response provided is very limited and lacks detail and evidence in terms of maximising the sustainability benefits available to the Council and talks more about achievements under the old CfSH and English building regulations. Detailed evidence in respect of improvements to Embodied and Whole Life carbon is also lacking. The response clearly sets out their proposals in terms of operational carbon (U-values etc), but lacks detail and ambition regarding how United Living propose to meet One Planet Cardiff and Project Zeros aspirations for sustainability and net zero carbon. It was further noted that standards referred to from historic projects are outdated / superseded; Example pattern of WDQR2021 compliant housing in some instances isn't in fact WDQR2021 compliant.

Wates achieved a moderated score of 5 out of 5. The response meets the requirements as set out in the question and provides supporting detail and evidence. Thorough examination of the Project Zero/One Planet Objectives of both Councils has been provided. The response shows a strong track record in delivery of high sustainability and net zero carbon standards, covering extensively the past achievements across a number of sustainability metrics.

Wates have adopted a Whole Life Carbon Approach and the response discusses Carbon Accounting and a migration to low rise timber frame. The Carbon Accounting approach is considered to be innovation. The response also examines the importance of place making and Net Biodiversity Gain. In It its noted that Wates will not preclude the use of other house types including the DNZ Pattern Book in favour of an updated Wates House Type. It was noted that post occupation surveys / evaluation were referred to, which the evaluation panel considered to be clear added value. Overall, the proposal contains a strong focus on sustainability in general, and some excellent sustainability metrics and indicators including references how POE will iteratively improve future schemes.

Innovation was noted in the response through the reference made to PFA concrete options and the ambitious Embodied Carbon Target, including the offer of carbon offsetting through an accredited scheme where those targets are not reached.

Wates have also comprehensively set out their sustainability strategy with reference to the 5 core principles of “Healthy Homes & environment”, these being linked to “Project Zero” and “one planet. Thorough knowledge and experience of social, economic & environmental sustainability is demonstrated which is regarded as adding value with an innovative approach.

7.8. Criteria 3.2 – Modern Methods of Construction and Benefits, Supply Chain

Lovell achieved a moderated score of 5 out of 5. The response meets the requirements as set out in the question and provides supporting detail and evidence. A very comprehensive response relating to MMC providing comprehensive proposals including supporting details and evidence. The response provides examples of elements of Lovell’s solution being used effectively on site. The focus is on bespoke standardisation, a hybrid approach to MMC through different components of the building rather than a full modular offering, to optimise output, drive the pace of the programme and realise cost savings.

The response recognises the current difficulties inherent to fully modular systems and it is noted that Lovell are in discussions with local timber frame suppliers. The response considers and discusses the benefits of establishing and maintaining MMC supply chains, creating a ‘MMC Ecosystem’. Response also discusses incentivisation of supply chain which is noted and welcomed and states that Lovell would embrace the DNZ Pattern Book. It is noted that part of Lovell’s MMC component solution is to create a local Hub or flying factory – commitment in this regard is clear added value. The local investment would be in existing supply chains and the creation of training and skills initiatives locally, again showing added value. In particular the sponsorship and co-developing of an MMC course with the college was considered to be added value.

United Living achieved a moderated score of 3 out of 5. The response meets the requirements set out in the question and provides supporting detail and evidence but with minor omissions. Each of the requirements have been addressed but the supporting information/text is lacking for some of the requirements, in particular how United Living intends to incorporate MMC into the delivery of the Programme and the benefits these will bring in terms of time and cost savings.

A comparison has been provided for different build approaches. The proposed approach towards panellised timber systems aligns with the funding requirements and references a local timber MMC company (Forest Timber Swansea). There is an evaluation of the constraints of MMC which need to be taken into consideration, but there does not appear to be a clear strategy being proposed for how MMC will be incorporated into the programmes with regards to firm commitments. There is good narrative around the support offered to the supply chain, but this narrative is high level and could have been expanded on.

Wates achieved a moderated score of 5 out of 5. The response meets the requirements as set out in the question and provides supporting detail and evidence. A comprehensive response to the requirements which gives confidence that MMC will be at the heart of the programme. A range of MMC categories are being proposed with a well-defined strategy being proposed. The response provides a robust analysis of the 7 categories of MMC and evidences the opportunities available to the schemes, the supply chain and innovative project applications. The response sets out an approach to increasing MMC and delivering standardisation. The standardisation of utility cupboards for MEP and renewable technology was considered to be added value. It is noted that Wates have developed a Design for Manufacturing Strategy for the partnership. The response notes strategic relationships with five MMC suppliers and includes impressive targets for the use of local sub-contractors and supply chain with over 95% being locally based (excluding volumetric). It was further noted that three suppliers will be new manufacturing outlets in Cardiff/VOG exclusively serving Wates - some of these seem to still be in negotiation but the clear thought and effort already given in this regard is welcomed. Detailed analysis is provided within the response of the cost benefits of various MMC systems, including programme, prelims.

7.9. Criteria 3.3 – Innovation and Added Value

Level achieved a moderated score of 4 out of 5. The response meets the requirements as set out in the question. A good response which provides a comprehensive summary of the 'promises' made and innovation / added value proposed well. There are some unique commitments, and the evaluation panel particularly noted the MMC approach and the commitment to Cardiff & Vale college and Onsite Skills academy. There is a clear emphasis on collaboration and communication with partners, and also on feedback and learning and part of embedding continuous improvement across the programme. In particular the 'optimisation' and clustering which will bring forward the delivery of affordable housing was welcomed, as was the value planning, engineering & analysis methodology. Other specifics which were noted were the Flying Factory approach, considering future changes (such as overheating), standardisation, adopting DNZ pattern book, no charge to the partnerships for the Core Team, local recruitment of trainees, funding of key Council posts, use of Carbonica to undertake WLC assessments, funding a Regional Centre of Excellence, matrix approach to NZC pathways, funding for local impact initiatives. The proposal of the land team seeking opportunities, including for the purpose of modular relocations, was noted in particular. The evaluation panel also welcome Lovell's overage proposal in respect of investing in a legacy fund.

United Living achieved a moderated score of 2 out of 5. The response does not fully meet the requirements set out in the question. A very limited response that focuses on house type standardisation and OSM, supported by advanced technology, automation and digitisation. The response is an appropriate answer considering quality, volume, maintenance and energy, but is limited in terms of proposing the four key areas and could be more ambitious, providing further proposals where other areas of innovation are proposed to be included across the programme. The response includes software to improve aftercare but only high-level commentary on benefit of this has been provided. Similarly, a basic level of commentary has been provided in respect of the proposed project information management tool. Sales partners has been addressed but it is not clear how this is value added. Similarly overage is referenced but United Living's proposal is 50/50 overage as per the Councils' requirements and therefore no 'value add' is demonstrated.

Wates achieved a moderated score of 4 out of 5. The response meets the requirements as set out in the question. A comprehensive and detailed summary of the innovation and added value being proposed through the bid. Some aspects of this are unique to the bid and will add significant value.

The response details some real commitments made that ensure that the sustainability objectives are met and that significant investment in local supply chains and MMC is made. Response clearly sets out several innovative solutions for this partnership - and benefits of them, focusing on a broad range of NZC and sustainability initiatives, including operational carbon, carbon offsetting and HQN, securing grant funding from CCR/WG to support innovation & technology, the carbon accounting methodology, partnership with universities for post occupation evaluation. The response also noted the proposed Local Vision Groups to stimulate innovation, Building with Nature Accreditation on major schemes, BREEAM Excellence for non-resi elements of projects, the Technical Excellence Centre, Innovation Portal & BSA Working Group. Some areas are in very early/exploratory stages so might not develop but the response clearly shows Wates thinking and that they are striving to improve. Arcadis have provided support in respect of the strategy on added value (set out against the Councils' 5 themes). The proposal in respect of the Land & Partnerships services identifying new sites was noted in particular. The evaluation panel also noted the approach to overage share to establish fund could be useful.

7.10. Criteria 4.1(a) – TOMS (Quantitative Response)

Lovell, United Living and Wates were scored in accordance with the methodology and formula set out in the IPCD.

7.11. Criteria 4.1(b) – TOMS (Qualitative Response)

Lovell achieved a moderated score of 3 out of 5. The response provided by Lovell was relevant and good but lacked specific detail in several areas, with limited use of the information provided under "Measure" and "Evidence Requirements".

All requirements have been addressed but some of the measures have been addressed too vaguely. The response is good and provides some confidence that Lovell can deliver their commitments.

By way of example, the response in respect of NTW34 is basic and no information has been provided on what the training will entail. Similarly, multiple measures advise that Lovell will work with organisations / schools, but the responses do not set out further details of these organisations.

United Living achieved a moderated score of 2 out of 5. The response provided by United Living is relevant and addresses all of the requirements. The target descriptions provided are limited and vague, with insufficient detail in the breakdown of calculations.

The appendix supplied is not referenced within the TOMs spreadsheet and whilst the information provided is relevant, it leads to a slightly disjointed submission. The positive layout and detailed information on work and education related measures, including engagement with local partners and future plans, is thorough and well researched. However, this level of detail is not consistently applied across all measures, only to a select few.

Due to the lack of detailed information for the majority of the submission, significant concerns remain about United Living's ability to deliver on their social value commitment.

Wates achieved a moderated score of 4 out of 5. The response provided by Wates completely relevant and very good overall. A concise overview of the selected measures is presented within the TOMs spreadsheet, while the NTWs Appendix demonstrates a clear and comprehensive understanding of each measure chosen. The appendix includes detailed information on Wates' partners, target audiences, anticipated outcomes, and benefits, broken down into short, medium, and long-term impacts. Additionally, the response offers a thorough breakdown of the proxy value, the rationale for each measure, and the plan for delivering them.

The proposal is well-supported by various resources, including quotes from successful Social Value projects, examples, and relevant case studies, all of which illustrate the effectiveness and impact of the measures. The inclusion of extensive market and demographic research, along with studies conducted specifically for this social value plan, provides a solid evidence base for the proposed approach.

Attention is also given to maximising the use of space in the appendix and adhering to the character limits within the spreadsheet to ensure both clarity and conciseness. Furthermore, communication with key partners is already in place for many of the measures, allowing the bidder to identify areas where additional support may be required early in the process.

It was, however, noted that there were inconsistencies within the response with the targets and calculations not equating to the KPI offered. By way of example, (i) NTW13, the actual total of the evidenced hours was 312, but 325 hours were submitted (13 hours more than it should be) and (ii) NTW33, the actual amount total should be £14,398.56, but their target total was listed as £14,996.16 (£597.60 more than what it should be). For that reason, it could not be concluded that the response offered a 'high' level of certainty or was 'unambiguous' - as such a score of '5' could not be awarded.

7.12. Criteria 4.1 (c) – Delivery Plan

Lovell achieved a moderated score of 3 out of 5. The response meets the requirements and demonstrates a good understanding, though some ambiguity remains regarding the delivery of social value commitments.

The Delivery Plan submitted highlights several positive aspects, particularly the Legacy Fund, which commits to reinvesting 50% of any 'overage share' generated through a Development Agreement into a fund to continue social value efforts. This demonstrates Lovell's strong commitment to social value, aligning with their company ethos of embedding it as a continuous process of planning, implementation, measurement, and improvement throughout the Partnership and beyond.

While the individuals responsible for delivering the Social Value submission are named, there is no mention of the resources allocated to support them. This provides a degree of uncertainty / ambiguity with regards to how the social value offers made will be delivered.

Additionally, no specific timeline is provided, though they mention plans to "front-load" activities early in the Partnership.

An example of adaptability is seen in their Schools Challenge, where they adjusted their approach by engaging directly with schools and transitioning to workshop-based sessions.

Lovell comment on already having conducted community needs analysis through engagement with Key Partners and VCSEs, but do not advise who they've already consulted with nor how they have gone about this.

United Living achieved a moderated score of 4 out of 5. The response is very good and relevant providing a level of certainty that United Living will deliver their social value commitments.

The Delivery Plan provided includes clear leadership and oversight from a Community Engagement Manager, who is supported by two Community Engagement Officers. The manager will oversee the overall delivery of commitments, while individual site Project Managers will collaborate with them. The Community Engagement Officers will play a key role in stakeholder engagement, monitoring, evaluating, and building capacity.

It is noted that a Partnership-wide Social Value Steering Group will be established to meet bi-monthly, ensuring continuous progress, addressing challenges, and making decisions to keep projects on track.

The plan includes a detailed timeline for delivering social value, with each year of the three-year plan having its own outline, further divided into months with specific plans. The thorough internal process, featuring an early detection and monitoring system, corrective action protocols, transparent communication, and a three-level Issue Escalation Protocol demonstrate United Living's capacity for handling challenges.

While the response contains good information about key stakeholders, possible organisations were not named which would have been beneficial.

Early engagement plans show a commitment to stakeholder outreach, relationship building, and ongoing communication.

Wates achieved a moderated score of 5 out of 5. The response is excellent and provides a high level of certainty that Wates will deliver their social value commitments.

A full resource organogram has been provided for the South Wales Delivery, including a CVHP-specific Social Value Manager and Advisor, as well as the rest of the team, such as the Social Value Regional Manager and Social Value Director.

It is noted that there is constant dialogue between the Regional Manager and Director to ensure appropriate monitoring, reviewing, and development of engagement strategies.

The Delivery Plan also sets out that the CVHP-specific staff, based in Cardiff, will leverage their local knowledge and insights to collaborate with CVHP teams and list all relevant groups.

A delivery timeline was supplied, detailing the stages from 'Award of Contract' through 'PCSA,' 'Pre-planning and Planning,' 'Construction,' and 'Occupation,' with clear aims and milestone reviews, including Gateway Approvals and a Mid-Point Project Review. Wates note regular quality reviews to ensure initiatives remain relevant, with a flow diagram showing internal processes and escalation procedures.

Wates also commits to using the Five Ways of Working as outlined in the Wellbeing of Future Generations (Wales) Act 2015 when engaging with local stakeholders, emphasising early engagement, stakeholder mapping, and a local focus throughout the project lifecycle.

7.13. Criteria 4.2 - Response to Socially Responsible Procurement Charter

Lovell achieved a moderated score of 4 out of 5. The response provided by Lovell is very good and demonstrates a thorough and comprehensive understanding of the requirements.

The response sets out the approach to delivery of social value and is structured with regard to the six key priorities of the Socially Responsible Procurement Charter, with a useful matrix showing how priorities are achieved through proposed initiatives.

Clear detail was given providing a good level of certainty in respect of how commitments will be delivered, noting in particular that the partnerships have already been created.

The response identified senior directors providing accountability. It was also noted that there was a good synergy between the initiatives – such as, care leavers support tying in with offering of training opportunities. This was backed by Lovell's offer of core funding and seed funding grants.

The response notes that Lovell's programmes and initiatives will take place within Cardiff, however further detail in respect of proposed engagement with the local supply chains would have been welcomed.

The funding of a new facility within the Cardiff and Vale college was notable, as was the community foundation with Cardiff rugby.

United Living achieved a moderated score of 3 out of 5. The response provided by United Living is good and relevant, with a number of initiatives that seek to respond to the six priorities. However, there was a significant amount of generic and vague text provided within the response with no specific commitments or clarity of what United Living were proposing

While each key priority is well broken down into objectives, many of these are noted as future actions, with no clear indication of whether any have already begun or how they will be implemented. The result is a lack of clarity about United Living's role and a limit on the confidence in their ability to deliver their social value commitments.

United Living state their dedication to exceeding environmental and sustainability expectations. They provide a list of community support initiatives, including sustainable procurement, carbon reduction, and life cycle management practices, showing how they incorporate sustainability into their business operations.

United Living emphasise their commitment to supporting local businesses and SMEs through targeted engagement, particularly through 'Meet the Buyer' events, which will foster local procurement and skill development. Additionally, they propose creating a social value policy, based on 'Think Wales First' principles, with regular reviews and updates to address local and regional needs.

The Ethical Employment plan involves collaboration with the supply chain to ensure high ethical standards are met. Multiple objectives and examples have been provided to showcase commitment to ethical practices.

The response highlights the Community Engagement Officers' plan to undertake Children's Rights training, although more details on the specific training and provider would have been beneficial. Potential partners are listed for targeted engagement activities and the response outlines a Summer Programme designed to empower young people, service users, and the elderly, with examples of possible sessions and workshops.

Wates achieved a moderated score of 5 out of 5. The response provided by Wates is excellent. It is comprehensive and demonstrates their thorough understanding of the requirements.

Detailed plans have been provided in respect of local training and employment, and a focus on addressing local needs was noted.

Responses in respect of sustainability are supported by evidence of a successful track record, with a clear supply chain engagement strategy.

It is noted that the Think Local First initiative aims to maximise economic impact with concrete figures and detailed strategies.

Their dedication to Promoting the Wellbeing of Young People and Vulnerable Adults is evident through mandatory safeguarding training and targeted programs.

Wates' response is further strengthened with a structured plan for ongoing engagement, monitoring, and post-completion processes.

7.14. Criteria C1.1 – Developer Profit Margin

A summary of the developer margins tendered by the Bidders is set out below. The developer margin figure in £ is based on the Pencoedre scheme that bidders were asked to appraise.

	Lovell	Wates
Profit Margin	18%	13%
Profit (£)	£4,999,860	£3,467,100
Average = £4,233,480		
Distance to average	18.10%	-18.10%
Score awarded	100	100
Weighted score	7.5%	7.5%

Evaluation of this was undertaken as set out in section 4.3 using a calculation of distance to the average. The average of the two figures is £4,233,480 and they are both calculated to be 18.10% from the average. As per the evaluation guidance in the IPCD, they have both been awarded the full 7.5% weighting.

7.15. Criteria C1.2 – Contract Sum Analysis

Evaluation of this was undertaken using a calculation of distance to the average of the Tendered sums.

The original CSA's included was amended to include the Pre-Construction resource cost and overheads /profit, together with the Partnership Core resource cost and overheads & profit. The Total Project Sums are summarised below.

The St Teilos scheme in Cardiff was used as the tendered scheme and included all relevant information to enable a comprehensive bid to be submitted. The submitted CSA will be used to benchmark schemes going forward.

As per the evaluation guidance in the IPDC, they have both been awarded the full 10% weighting.

	Lovell	Wates
Tendered sum	£16,168,364	£18,131,916
Average = £17,150,140		
Distance to average	- £981,776	+£981,776
Score awarded	100	100
Weighted score	10%	10%

7.16. Criteria C1.3 – Contractor Margin/OH&P

A summary of the contractor margins tendered by the Bidders is set out below. The contractor margin figure in £ is based on the St Teilos scheme in Cardiff that bidders were asked to price.

	Lovell	Wates
Profit Margin	6.5%	5%
Profit (£)	£973,093	£858,921
Average = £916,007		
Distance to average	6.23%	-6.23%
Score awarded	100	100
Weighted score	7.5%	7.5%

Evaluation of this was undertaken as set out in section 4.3 using a calculation of distance to the average. The average of the two figures is £916,007 and they are both calculated to be 6.23% from the average. As per the evaluation guidance in the IPCD, they have both been awarded the full 7.5% weighting.

7.17. Criteria C1.4 – Supporting Information

Both bidders submitted method statements setting out further information on the assumptions used to underpin their financial submissions. These were assessed for their robustness and credibility using the scoring criteria set out in Section 4.3.

Lovell achieved a moderated score of 5 out of 5. Their response provided comprehensive supporting information that was considered robust with assumptions that fully align with their financial offer and current market conditions.

Commentary on the assumptions underpinning the Lovell financial submission is summarised as follows:

Residential sales and affordable housing values

- Market sale values at £365/sqft were considered to be realistic and broadly in line with Savills' assessment of sales values and underpinned by external sales agent advice
- Affordable housing values rationale was sound and in line with tender requirements

Construction Costs

The final bid cost submission appears to be realistic with costs per m2 and unit types being broadly in line with estimate totals and reflecting current market comparisons.

A comprehensive break down as part of the CSA has been provided, giving a level of confidence that the pricing mechanics have been carried out in a diligent matter whilst also being evidenced by market testing.

Core Partnership costs and their relative profit and central office overheads have been provided at nil cost, demonstrating a commercial investment in the Partnership. Likewise profit and central office overheads have not been charged for the pre-construction resource element. This will be of cost benefit for both clients throughout the partnership.

Other development costs

- Allowances for S106 costs in line with tender requirements
- Allowances for professional fees were at the lower end of usual market assumptions, however when clarified, Lovell confirmed this level of cost has been achieved through economies of scale and the use of standard house types.
- Assumptions on disposal costs considered reasonable.
- Projects will be 100% equity funded from internal resources (i.e. no third-party debt funding) and subsequently they are not proposing to apply an internal finance cost to the programme.

In our experience it is very unusual not to carry a cost of capital within the financial appraisal of development projects, noting that even with the use of equity funding there would be considered an opportunity cost of deploying funding for development rather than investment in lower-risk alternatives. However, their tendered developer margin is at a level that fully aligns with margins currently being tendered in the market for schemes of this scale and nature and includes a buffer to withstand changes in market conditions.

Wates achieved a moderated score of 4 out of 5. The response provided detailed supporting information which was considered robust with the majority of assumptions generally aligning with their financial offer and current market conditions.

Commentary on the assumptions underpinning the Lovell financial submission is summarised as follows:

Residential sales and affordable housing values

- Market sale values at £348/sqft were considered to be realistic and broadly in line with Savills' assessment of sales values and underpinned by external sales agent advice
- Affordable housing values rationale was sound and in line with tender requirements

Construction Costs

Wates final bid cost submission would appear to be more expensive than projects of a similar nature to St Teilos.

Wates have chosen to fully price the Pre-Construction Resources cost, Core Partnership Management costs and relative profit and overheads. It is acknowledged however that the sum total of these is still significantly lower than Lovells.

Again, a comprehensive approach has been taken to derive the CSA with additional build up and detail provided.

Other developer costs

- Allowances for S106 costs in line with tender requirements
- Allowances for professional fees were reasonable and in line with market assumptions
- Assumptions on disposal costs considered reasonable.
- Projects will be 100% equity funded from internal resources (i.e. no third-party debt funding) and subsequently they are not proposing to apply an internal finance cost to the programme.

In our experience it is very unusual not to carry a cost of capital within the financial appraisal of development projects, noting that even with the use of equity funding there would be considered an opportunity cost of deploying funding for development rather than investment in lower-risk alternatives.

The 13% developer margin on private sales income presented in Wates' tender sits towards the more aggressive end of typical market requirements for schemes of this scale and nature, assuming this was to be a return requirement net of financing costs. The response of an aggressive developer margin and no financing costs being allowed for within the appraisal does create some uncertainty as to the buffer allowed for, to withstand negative movement in wider assumptions (i.e. rising costs / reduced revenues). As a result, there remains some minor concern over the credibility of their developer margin submission, due to the increased risk to the programme proceeding if market conditions were to change.

7.18. Criteria C2 – Contractual Documentation Mark Up

Lovell achieved a moderated score of 5 out of 5. All material terms of / risk allocations set out in the contractual documentation have been accepted. No amendments have been made to any of the build contract documentation issued – all have been accepted as issued.

Multiple areas of added benefit have been tabled including a proposed guaranteed position (despite one not being required given the entity's own financial covenant), several clearly articulated additional 'monitoring' KPIs, enhanced continuous improvement drafting demonstrating a commitment to the relevant Council having clear sight lines throughout the partnership. The amendments / proposals tabled also demonstrate Lovell's commitment to the parties working together to identify and mitigate risks at an early juncture.

Additionally, the proposed profit share / overage proposal is in excess of the baseline position tabled by the Councils and offers clear financial benefit to the relevant Council under the development agreement delivery route.

United Living achieved a moderated score of 2 out of 5. Several amendments to material terms have been proposed, the result of which is an adverse effect on the Councils positions under the contractual documentation. By way of example, termination drafting has been significantly limited by the removal of the potential cross-default link between the partnerships and the limitation to a contract year in respect of KPI breaches. Under the Development Agreement, amendments to long stop dates appear to seek limit the Council's interest to only the affordable housing and remove the overall completion long stop date.

There are several points of amendment that seek to provide for additional costs to be paid to the Partner in specific scenarios which goes beyond those contemplated by the Councils.

Additionally, comments providing that points require further discussion and / or require negotiation on a site-by-site basis make it difficult to assess the risk shift position definitively at this stage, and potentially leave the Councils open to further risk from subsequent amendments.

Wates achieved a moderated score of 5 out of 5. All material terms of / risk allocations set out in the contractual documentation have been accepted. No amendments have been made to any of the terms.

Potential 'improvements' have been tabled for discussion at PB stage if selected. The extent to which those potential amendments can be viewed as offering benefit to the Councils is difficult to definitively determine given the lack of detail on some fronts – for example with additional KPIs proposed for discussion.

The proposed profit share / overage proposal is in excess of the baseline position tabled by the Councils and offers clear financial benefit to the relevant Council under the development agreement delivery route. Further to this the proposed 'overage account' approach to support the delivery of future sites offers risk mitigation benefitting the delivery of each Council's overall portfolio of sites.

7.19. Recommendation

Following a competitive dialogue procurement process run in line with the Regulations, which has sought to test bidders on their alignment with both Councils requirements and aspirations for the Partnership. Through this process, Lovell has been identified as the highest scoring bidder.

Cardiff & Vale Housing Partnership

Tender Report



Based on the information above we recommend that Lovell is selected as preferred bidder and following approval, enter into discussions on the finalisation of the Contract Documents.

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