

PROCUREMENT STRATEGY

1. Context

- 1.1 The aim of the project is to appoint Developers/Investors to partner with the Council in delivering the vision for Birmingham Ladywood Estate to support the sustainable growth of this neighbourhood as part of the city centre.
- 1.2 The Ladywood Estate is located in the City Centre and a short walk from the major commercial and business tourist areas of Westside and the City Centre City. The area is also adjacent to the Great Icknield housing growth area and the historic Jewellery Quarter. Appendix 1 shows the extent of the Estate and its location.
- 1.3 The development of Birmingham Ladywood will transform the residential offer in the City Centre. It creates the opportunity to deliver a new high quality aspirational residential neighbourhood on the doorstep of the city centre core. As an exemplar sustainable development it can make use of existing resources such as the canal and provide radically improved connectivity to the surrounding area. The future redevelopment will need to achieve 1 for 1 replacement of social housing and reinvestment in public open space
- 1.4 Building on the principles established in the BDP and Big City Plan the City Council have set out an overarching vision for the area:
 - To create a family focused neighbourhood delivering the next generation in city centre living set within a high quality environment, connected by a well-designed network of streets and public spaces and supported by local amenities and facilities.
- 1.5 The regeneration of the Ladywood Estate will be brought forward as two distinct areas; Ladywood Broad Street and Ladywood Central. This approach responds to the different housing market opportunities and contexts in which the regeneration will come forward. Along with the overarching vision the following key objectives will also be applied for the redevelopment of each area:-
 - To secure high quality, sustainable new homes as part of a well-designed neighbourhood
 - To provide a safe and attractive network of connected public open spaces and pedestrian routes
 - To create a complementary mix of commercial and other uses to support a vibrant active neighbourhood.
- 1.6 For the Ladywood Central area the following additional objectives will be applied. This reflects the scale of the Central area and the potential to deliver a larger transformational development that can sustain additional services and facilities along with responding to the particular physical assets/constraints that exist.
 - To create a new local centre with facilities and amenities to serve the local community
 - To enable the enhancement of the canal through improved access and greater levels of utility and interface with development
 - To create improved connections across the Middleway including boulevarding

2. Market Analysis

- 2.1 Key to the success of the project will be the reinvention of the Estate as a high quality aspirational residential neighbourhood with high quality urban design and critical mass to provide a high quality environment with the ability to create a thriving mixed community.
- 2.2 As an ambitious regeneration programme, improving connectivity and upgrading the public realm will be key to changing current market perceptions. To achieve this, the Council needs a delivery partner(s) with the right experience, ambition and financial capacity to work in partnership with the City and residents to address the challenges and realise the opportunity.
- 2.3 Given the scale of the opportunity, and its central location adjacent to key assets in the city Centre, the site has the potential to attract strong interest from national and international developers and investors (or developer/ investor consortia).

3. Duration

- 3.1 The contract will be for a period of 10 to 15 years commencing in 2020.

4. Procurement Route

- 4.1 To achieve the delivery objectives for the regeneration of the Ladywood Estate the delivery and procurement strategy will need to enable interested parties to provide innovative proposals for the areas, and at the same time provide the market with absolute clarity on requirements. Separate procurement exercises will be run for each area reflecting the need for bespoke solutions for each. The processes will be run in parallel and the approach to procuring the partner(s) will be the same for each. The Descriptive Documents will be different reflecting the unique characteristics and requirements of each area however the overarching objectives and scoring methodology will be the same with 3 additional objectives for Ladywood Central as outlined in section 1.6.
- 4.2 The procurement objectives are to:
 - 1) Maximise and maintain competition and procure the most appropriate development partner(s) to deliver the Council's aspirations;
 - 2) Attract partner(s) whose objectives are as closely aligned as possible to the Council's;
 - 3) Provide for an initial evaluation and shortlisting stage to ensure that only bidders with sufficient experience and financial standing participate within the main part of the procurement process;
 - 4) Provide for an efficient, effective and timely procurement programme with an aspiration to achieve preferred bidder status (exclusivity) as soon as reasonably practical;
 - 5) Allow for meaningful engagement and negotiation with the market during the procurement;
 - 6) Allow for the Council to engage with the market to determine the most appropriate apportionment of risks and rewards and incorporation of a funding agreement within the delivery structure;
 - 7) Adhere to Public Services (Social Value) Act 2012 and relevant procurement regulations, such as the Public Contracts Regulations 2015 (as amended) (the Regulations) and the Concession Contracts Regulations 2016 and minimise the risk of procurement, judicial review or any other challenges.

- 4.3 The following table summarises the appraisal of the procurement route options against the procurement objectives:

	Green - Good fit against the objective, minimal issues		Amber - Medium fit against the objective – some issues and or risks		Red - Poor fit against the objective, significant issues and or risks
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KEY PROCUREMENT OBJECTIVES	PROCUREMENT ROUTE OPTIONS (OJEU)			
	Open	Restricted	Competitive Procedure with Negotiation	Competitive Dialogue
Provide for an initial evaluation and shortlisting stage				
Maximising and maintaining competition and procure the most appropriate development partners				
Provide for an efficient, effective and timely procurement programme to achieve preferred bidders status (exclusivity) as early as reasonably practical				
Allow for meaningful engagement and negotiation with the market during the procurement				
Adhere to relevant procurement regulations and minimise the risk of procurement or any other challenges.				

- 4.4 The competitive dialogue procedure is more likely to provide an optimal and acceptable solution for this opportunity. Of particular significance is the inability to meaningfully negotiate under the Open and Restricted Procedures and the inability to negotiate following final tenders under the Competitive Process with Negotiation procedure which will be key requisites for a successful outcome. Therefore, based on the option appraisal it is recommended that the Competitive Dialogue procedure is used to procure Development/Investment Partner(s) to achieve the delivery objectives for the Birmingham Ladywood Estate. This is a similar process to that which has been used to procure partners for the Birmingham Smithfield scheme, and learning from this scheme as well as Peddimore that followed the Competitive Process with Negotiation procurement, will be taken into account in the procurement of partner(s) for Ladywood Estate regeneration.

5. Evaluation and Selection Criteria

- 5.1 The procurement process will have two distinct evaluation stages – the Stage 1 Selection Questionnaire (formally known as pre-qualification (or PQQ), and Stage 2 Final Tender.

Stage 1 Selection Questionnaire (SQ)

- 5.1.1 At the commencement of the procurement, a contract notice will be posted to OJEU and also advertised on Contracts Finder and www.finditinbirmingham.com. Organisations will request to participate in the procurement by completing a selection questionnaire (issued by the Council) and submit it by a stated date.

5.1.2 The assessment criteria that will be used to shortlist suitable organisations to proceed to participate in the Final Tender stage will include:

- Mandatory and Discretionary Requirements (Exclusion Grounds)
- Economic & Financial Standing. *(This will establish the financial standing of the company and its ability to deliver the scheme. This assessment will result in a Pass / Fail result so only bidders which can demonstrate sound financial standing will qualify to participate in the procurement).*
- Technical & Professional Ability
- Relevant previous experience

Stage 2 Final Tender

5.2 Bidders Final Tenders will be evaluated against the following criteria:

20%	PRICE	100%	COMMERCIALITY	1	Funding	40%	100%
				2	Financial Structure	60%	
		100%					

68%	QUALITY	49%	CONCEPT (Uses & Design)	3	Residential	60%	100%
				4	Public Realm	20%	
				5	Transport, Linkages & Connectivity	10%	
				6	Complementary Uses	10%	
		36%	DELIVERY	7	Partnering Approach	60%	100%
				8	Delivery & Resources	40%	
		15%	OPERATION	9	Long Term Structure	60%	100%
				10	Smart Cities	20%	
				11	Temporary Uses	20%	
		100%					

12%	SOCIAL	100%	SOCIAL VALUE	12	Buy Local	20%	100%
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	VALUE			13	Local Employment	30%	
				14	Partners In Communities	30%	
				15	Green & Sustainable	20%	
		100%					
100%							

6 Evaluation Team

- 6.1 The evaluation of the tenders will be undertaken by the Economy Directorate officers supported by the Procurement Team who will manage the procurement process.

7 Engagement of Members

- 7.1 The Leader, Ladywood ward members, and Cabinet Member for Finance and Resources will receive a presentation of proposals from shortlisted bidders during the dialogue stage.

8 Engagement of Young People

- 8.1 A Young Person Group will be established to facilitate the meaningful engagement and involvement of young people in the procurement of the Development/ Investment Partners.

9 Risk Management

- 9.1 The Council Risk Management Methodology will be applied and the Birmingham Ladywood Project Board is responsible for risk management. A risk management register has been produced in consultation with Corporate Procurement Service with arrangements put in place to ensure operational risks are mitigated. The corporate procurement team will Audit the management of the procurement process.

10 Indicative Implementation Plan

Task/Milestone	Date
Report to Cabinet seeking approval to the regeneration of Ladywood;	February 2019
Prepare specification for procurement of developer partners;	March 2019
OJEU Contract Notice & Publish Opportunity	March 2019
SQ Stage	April – June 2019
Competitive Dialogue with Bidders	August – December 2019
Invitation to Tender	December – January 2020
Task/Milestone	Date

Tender Evaluation	February 2020
Cabinet Approval (Preferred Bidders)	April 2020