

Thursday, 17 March 2022

Report of the Leader of the Council

Regeneration projects - consultancy support

Exempt Information

None

Purpose

To approve the procurement approach to appoint external consultancy services in order to support the design, development and delivery of regeneration focused projects.

Recommendations

It is recommended that Cabinet:

1. Approves the procurement route for developing a project pipeline and completing business cases.
2. Approves the creation of a £200,000 retained fund for supporting the development of regeneration project pipeline and completing relevant business case submissions, funded through a transfer from the Transformation Reserve
3. Approves the procurement route for appointing technical support to enable and directly deliver projects.

Executive Summary

The regeneration team has two key functions:

1. The scoping and identification of regeneration projects and their development into business cases for either internal Council or external third party approval.
2. The practical enablement, delivery and management of approved regeneration projects that are financed through Council budgets or external funding

Over recent years, Government has opened bidding to funds for District and Borough Councils such as Town Deals, Future High Street Fund (FHSF) and Levelling up Fund (LUF). These funding applications need a wide variety of expertise in order to be successful and require significant levels of resource, both financially and in terms of staff time to complete.

Many of the larger funding bids require complex and comprehensive HM Treasury Green Book business case completion. The Green Book is guidance on how to appraise policies, programmes and projects, providing guidance on the design and use of monitoring and evaluation before, during and after implementation. The role of appraisal and evaluation is to provide objective analysis to support decision making. Where the use of significant new and existing public resources is required the proportionate employment of the Green Book and its supplementary business case guidance is mandatory. For example, The Future High Streets Fund bidding process required compliance with this rigorous financial approach.

The Borough Council's regeneration team does not have all of the necessary skills in house to complete business cases where projects are valued at many millions of pounds and are transformative in their impacts. Each project or proposal will require a different mix of

professional experience, specialist knowledge and skills for varying amounts of time. For example, a project that seeks the delivery of highways infrastructure would be different to a project that seeks the delivery of a college, heritage refurbishment or public realm.

Following the successful completion of a business case and award of funding the Borough Council then moves to a delivery phase. At this stage, more technical detail is often required. Business cases reflect high-level costs whereas practical project delivery requires these to be tested to a higher degree that cannot be done before funding has been confirmed and committed. The Council does not have all of the necessary technical skills in house to carry out technical evaluations of projects and sites, with each project requiring a different mix of professional technical skills. For example, a site that has a building in situ would have different requirements to a cleared site or one that needs significant remediation.

The following summary can be applied to the above:

- Project development and business case writing is a predominantly desk based, academic approach delivering written appraisals, studies and reports that tend to take a high level objective view.
- Technical Services are normally activities and research that can only be delivered on site or from actual site data. They are fact driven and subjective, specific to the demands of the particular project or location.

The Proposal

There are the following primary barriers to delivering a pipeline of projects, writing and funding business cases, and enabling/delivering projects:

- Funding the preparation of and delivering completed business cases at short notice to fit in with tight funding timescales;
- Delivering projects without the appropriate skills or knowledge within the team

To address these barriers it is proposed to take two separate procurement approaches;

1. One to ensure there is a constant pipeline of projects and capacity to compile complex business cases; the other;
2. To ensure officers can be supported in identifying and drawing down the correct technical support requirements for enabling and delivering projects, as and when needed.

Project pipeline and business case completion

External funding opportunities are often announced at short notice, with very tight timescales and comprehensive objectives to meet. In order to be prepared for any funding eventuality, Cabinet Members have asked the regeneration team to work up a pipeline of projects that are suitable for a variety of funding streams. This will be an ongoing process for the team and is part of their primary role.

The Borough Council was very fortunate with the bidding process for the Future High Streets Fund for two reasons:

1. In total there were 10 months from the award of grant to the submission of the final business case (this was extended due to Covid); and
2. the Government seed funded the delivery of the Green Book compliant business case with the allocation of £150K to the Borough Council.

To deliver a pipeline of Green Book compliant projects there needs to be a process put in place which seeks to speed up the Borough Council's ability to appoint consultants to a project and secondly provides the financial means of paying for them. This appointment could be in the anticipation of a bid to Government or simply the need to get a pipeline of schemes Green Book compliant and in place ready for the next opportunity, whatever that might be.

This has become a critical issue given that the criteria and process for round 2 of LuF is due for release in the Spring, for which the Borough Council is likely to want make an application.

Round 1, released in Summer 2021 only allowed a period of five months to pull together a compliant submission. Given that it took three months using our current procurement processes to get consultants on board with the FHSF submission, there is a clear issue that continuing with the same approach will not deliver a submission quickly enough to the LuF. In addition, Tamworth is defined as a tier 2 location for the purposes of the LuF and under current guidance does not qualify for bid development funding as seen in the case of the FHSF.

In addition to the LuF there is a high likelihood of other funding streams being released over the next few years that will need a similar approach, examples of which could be as follows: Shared Prosperity Fund (SPF); Cultural Levelling up Fund; National Heritage Lottery Fund; Heritage Action Zones.

To address all of the factors above, the following is proposed:

1. The appointment of a lead consultant with experience in preparing Green Book standard business cases and proven success in winning funding.
2. The creation of a retained fund for four years which allows projects to be worked up using the approach set out above.

The Council will use the Homes England Property Professional framework to procure a lead consultant to support the development of a pipeline of regeneration projects. The lead consultant will be procured for a period of 4 years and will manage a set of sub consultants.

The scope of works required from this support will be as follows:

- Creating a shortlist of projects from a long list
- Appraising and evaluating individual projects
- Writing and compiling all relevant information for required business cases and funding bids
- Providing professional property advice on land values, acquisitions and disposals, leading negotiations on behalf of the Council where required to at least Heads of Terms status.

The contract will not be a fixed fee, but based on framework rates and procurement regulations, drawing down support as required on a case-by-case basis. For each piece of work a detailed specification will be drawn up by the regeneration team, that the lead consultant will cost based on framework rates. This will then be approved by the appropriate officer or project board, with funds agreed and allocated before any work commences.

There is no fee to using the Homes England framework. The value of the works are likely to exceed procurement thresholds of £189,330 over the 4 years, so a further competition will be held through Homes England tested processes to ensure compliance with all levels of procurement regulations.

To meet the scope of works required by the Council, the following broad range of headline professional services can be drawn down through this framework.

- Property Advisory Services,
- Land and Property Agency Services,
- Estate Management Services,
- Property Investment,
- Appraisal,
- Development Monitoring and Financial Services,
- Valuation Services,
- Lead Consultant and Project Management Services,

- Development Structures and Partnering

This approach and framework was adopted for the Future High Streets Fund Green Book business case process and was very successful, albeit on a fixed fee basis rather than a call down. It allowed a focused, flexible approach to assembling and shortlisting projects with the ability to appoint very specialist skills that were needed to ensure a high level of success. The Council has significant experience in procuring the correct services for business case writings and as such knows the scope of services it requires.

4 years allows the Council to develop a working relationship with the contracted lead consultant, which from experience with previously used consultancy firms is highly beneficial, as the Council does not have to duplicate effort and resource on a regular basis, briefing and educating new professional teams. This call down, task based approach has also successfully been used with appointing Freeths solicitors to provide advice on capital focused regeneration schemes albeit using a different framework.

Technical project enablement and delivery

Developing a project to a standard such as HM Green Book requires a delicate balance of resource inputted against likelihood of return. No funding bid is ever guaranteed and often comprises of projects where the Council is not in direct control of assets or is not given full access to all data it actually needs at the time of writing. As such, applications always represent an educated risk that are as correct as possible at the point of submission.

Whilst compiling a business case is primarily done at a very high level in some cases, there is the occasional need for specialist technical advice on property or land. This advice is very different to that provided in developing projects and business cases and requires a different approach to and experience of project management and lead consultancy. In the case of FHSF technical support for the business case represented a non-invasive on site historic survey of the market street properties to test if assumed costs calculations for refurbishment were likely to be accurate, based on their actual structural condition.

In most cases, technical work proceeds once a business case and attached funding is approved as:

- Works are often expensive and represent too large a risk at an earlier stage.
- Works are often visible and high profile, drawing attention to activity that may be commercially sensitive.
- Third party stakeholders might not grant site access or share relevant commercial or private information until there is a stronger reason to do so.

Once a project is approved for funding, there is often an immediate requirement to draw down technical site support as quickly as possible, in order to meet project timelines. In the case of FHSF the programme required a diverse set of immediate datasets/surveys including a measured building survey with elevations; utilities mapping, asbestos and bat surveys.

To address the above need, the following is proposed:

1. The Council signs up to a framework specifically designed to give call down access to technical consultancy services for physical build focused projects.
2. Services are funded through individual pre agreed project budgets.

It is proposed that the Council will use the Pagabo Lot 1 Framework to procure technical consultancy services and related project management. This service will support the Council in flexibly and rapidly drawing down technical advice for business cases; to enabling projects to practical delivery of projects on the ground.

Unlike the project pipeline development and business case support, the regeneration team will not always immediately know what advice they need to enable and deliver projects from as each project is likely to be very different needs. This is identical to the nature of the FHSF programme where support has been required in scoping technical consultancy requirements prior to procurement and project managing the work.

Learning from the FHSF programme this framework has been chosen as it allows for the direct award of project management / quantity surveying resource.

The project manager / quantity surveyor resource is used as a gateway to scope and identify what the Council actually requires in terms of technical support for its project, ensures it is designed in the most efficient manner, and then allows appointment of specified services off their PCR 2015 compliant framework. Lot 1 is valid until April 2024 and there is no minimum requirement for the Council to use this framework.

Lot 1 of the Pagabo framework allows the Council through consultancy firm Faithful and Gould (F&G) to draw down support from 17 specialist disciplines please see appendix 1 for more details. .

The advantages to using this framework are:

- F&G can be used as an educated sounding board to ensure the Council gets the support that is actually needed, saving time and ensuring budgets are spent on the correct works.
- F&G will create detailed project specifications, reducing reliance upon Council resource that can be focused on other critical activity. .
- F&G will project manage the contracted works as a single point of contact, limited resource pressures on TBC staff where multiple technical services are used on a project.
- Staff can learn and be upskilled from being part of this process
- There are over 500 approved suppliers in the supply chain, ensuring access to services and capacity at all times.
- Pagabo provide experienced procurement advice throughout the project from feasibility, to handover to completion. This can support and supplement the Council's internal procurement capacity at no significant extra cost.

The contract will not be a fixed fee, but instead based on framework rates and procurement regulations that will be drawn down as required on a case-by-case basis. An early engagement meeting is held with Faithful and Gould (F&G) to determine the correct scope of services required for each project. Based on this early engagement, Faithful and Gould prepare a detailed specification and costing that is then approved by the Council. F&G then project manage the whole process on behalf of the Council as a lead consultancy.

There is a fee of 3% to use Pagabo, but this is absorbed within the lead consultancy (F&G) rates. It is felt the fee is mitigated through the intensive competitive process suppliers have to go through, to get on the framework. The value of the works is likely to exceed procurement thresholds of £189,330, based on current live projects. Lot 1 is compliant with procurement regulations with regards purchasing of services over this threshold. Each project will have its own agreed budget from which the works will be funded.

Options Considered

In order to come to the preferred delivery options, the Regeneration team has conducted research with different Councils, representatives from procurement frameworks and currently engaged consultants - where there is no conflict of interest or benefit with regards their involvement in this work. Please see appendix 2 for a detailed appraisal of framework options, that were considered.

Resource Implications

The Regeneration team currently consists of the following roles:

- 1 x Senior Regeneration Officer – grade G – 0.64 full time equivalent – permanent.
- 1 x Regeneration Officer – grade F – 0.8 full time equivalent – permanent.

The Head of Economic Development and Regeneration also commits a minimum of 50% of their time to regeneration activity based on identified corporate priorities.

Both procurement routes ensure there are skilled, qualified professionals available when required to support the wide variety of projects the team is both currently involved in and those being worked into a shortlisted pipeline.

Developing projects and delivering them, requires a huge range of skills that cannot be met either from within the team or the wider authority. The procurement routes detailed in the sections above represent the most cost and time effective approaches of supplementing and supporting the activity of the Regen team. The appointment of lead consultants and project managers, who coordinate teams of sub consultants and contractors, ensures that the focus of Council officers remain on delivering against wider corporate regeneration priorities.

As both frameworks have been competitively procured and are transparent in their fee structures the Council can be confident in its ability to ensure value for money is achieved in all purchased services.

The approach recommended provides an efficient procurement strategy, with minimal reliance upon the resources and capacity in the Council procurement teams. The 4 year approach to the Project Development services means once the process complete little further intervention is required from TBC procurement. The Pagabo framework is already procured and also benefits from a relationship manager who in affect acts as an additional Council procurement resource, with an advisory service to ensure that their policies and all national procurement regulations are complied with. By using the direct appointment method from Pagabo, with project specification support from Faithful and Gould, the Council will save a considerable amount of time and officer capacity compared to a Council led open tender process.

Financials

There will be a retained fund of £200k to solely support the development of a pipeline of projects and writing business cases over a 4 year period. This will be funded from the forecast balance remaining on the transformation reserve of £346k (February 2022). The Future High Streets Fund business case process cost £150,000 but was enabled and funded directly by Government. The £200k in the retained fund, may not be needed, but allows flexibility to apply for larger grants where enabling funding isn't covered. It is however expected over 4 years that the procurement regulations threshold of £189,330 is highly likely to be exceeded.

Works contracted under the Technical Consultancy support approach, will be funded from individual project budgets that will be approved separately via appropriate governance and in line with corporate financial regulations. The framework only operates until April 2024, but there is a likelihood, based on live projects that the procurement regulations threshold of £189,330 is highly likely to be exceeded.

Legal/Risk Implications Background

The two frameworks proposed for use in this report are compliant with all current legislation. The Council procurement team have been actively consulted on both approaches and support them.

Both approaches have one liable party to manage sub contractors and relevant contracts. This limits the requirement and pressure on capacity, for the Council to manage multiple contracts, reducing the risk of dispute. The lead consultants / project management have industry knowledge and up to date experience that Council officers do not and cannot reasonably be expected to have.

With regards the project development it should be noted that external applications for funding is never certain, so the work needed to develop a project pipeline is at risk. In order to develop a pipeline of projects that may be suitable for future funding applications the Council will need to spend the money in advance without guarantee of a definite project return. That said the wider the variety of projects ready for delivery and the quality with which they are designed, the higher the likelihood of success in achieving external grant funding.

The Pagabo approach allows the Council to work up detailed specifications with experienced project managers and quantity surveyors (through F&G) before going out to a supplier. This reduces the risk that the Council procures something it either does not fully understand or does not truly need.

The Pagabo framework expires in April 2024, so only gives a relatively short window, with which to use it and their current supply chain. This gives the opportunity for the Council to learn about the framework in detail through using it, without substantial risk and can reassess its approach to technical consultancy in 18 months time. The Council is not committed to any minimum spend on Pagabo, it merely has to sign up to the framework and its terms and conditions.

Equalities Implications

It should be noted that only organisations that have gone through the Homes England and Pagabo framework appointment systems can be procured through the approach detailed. This will exclude some businesses from being able to deliver work required. Both frameworks are actively engaged with the market and ensure there is a balanced mix of suppliers, from Small to Medium Businesses to larger national and international organisations.

Environment and Sustainability Implications (including climate change)

There are no direct environment and sustainability issues arising from this process. It should be noted, the appointment of professionals from different disciplines will contribute to Council led projects benefitting from up to date advice. This gives the opportunity for best practice on current sustainability and environmental issues, to be fully integrated into projects.

Background Information

None

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List of Background Papers

More information on the Green book can be found here

<https://www.gov.uk/government/publications/the-green-book-appraisal-and-evaluation-in-central-government/the-green-book-2020>

Appendices

Appendix One – Pagabo scope of services - Lot 1.

Appendix Two – Framework Options