

**Brentwood Borough Council – Asset Development Programme  
East of England Local Government Association Review Report  
June 2019**

## **Background**

The East of England LGA (EELGA) has supported Brentwood Borough Council (BBC) since the inception of its project to redevelop a number of sites across the Borough. This report summarises EELGA's role in the project. It also reviews and reflects on the Council's use of external experts, its overall governance of the project and on the process followed.

## **Role of EELGA**

In early 2017 EELGA was invited by BBC's Chief Executive to advise how the Council might best approach its ambition to make a number of assets work more effectively for the Borough and produce better returns for the Council and its residents .

Following a formal proposal EELGA was procured in March 2017 to work with the Council in a 7-step process to help drive forward this agenda. These steps were detailed as follows:

- Step 1 – Establishing the objectives of the programme.
- Step 2 – Establishing the assets in scope / asset triage process / site data audit
- Step 3 – Understanding site planning position
- Step 4 – Site Option Appraisals / development appraisals
- Step 5 – Review, discuss and stress test this provisional development programme, with the Council,
- Step 6 – Develop options for delivery of the programme.
- Step 7 – Conduct soft market testing / review delivery options to determine the programme delivery route.

These steps were successfully completed by the Council with EELGA's support by the end of 2017.

As a result of this process and after an extensive engagement with the market through soft market testing the Council determined that it favoured securing a long-term development partner on a joint venture basis as the means of best realising its ambitions.

The East of England LGA's proposal had proposed an 8<sup>th</sup> step as follows:

- Step 8 (if required) – Advise on procurement of delivery agent/s, as determined above, and assist with their management depending on the delivery route or routes selected.

Since this stage had now been reached it triggered EELGA to make a further formal proposal to provide advice and support to assist with the actual procurement phase of the project. This resulted in EELGA being appointed to carry out the lead strategic and financial support role.

The financial role was responsible for advising on the financial elements of every decision. For example, these elements included the viability of the project, how financial elements of the procurement would be assessed and the inter-relationship between price and quality. This also

involved generating a bespoke financial model for the project, to assess programme viability, and a separate one for the procurement to assess bidders' price offering. Essentially there were 3 main stages that EELGA now assisted with going forward:

- **Pre-Procurement Support**
  - Interpretation of results of First Stage of work (i.e. steps 1-7 above)
  - Undertaking resource planning for the Preferred Approach
  - Developing scope of procurement of partner
  - Site Options / Preparation
- **Procurement Support**
  - Developing procurement approach / documents:
    - Selection Questionnaire – to assess and pre-qualify bidders for the procurement, including an assessment of historic performance on similar projects and financial assessments.
    - Descriptive Document – setting out the Vision and Objectives of the Council, within a prospectus that the market will see showing what the Council is trying to achieve and laying out the headlines of the procurement.
    - Specification – to articulate the Council's requirements, providing a detailed scope of works / specification that the Council is seeking from its partner.
    - Evaluation Criteria – setting out how potential partners will be evaluated. These criteria explain the balance between price and quality in this assessment and set out the types of quality questions to be asked, ranging from questions about the skills and capabilities of its potential partner, to its approach to planning, and from scheme design through o partnership approaches.
    - Scoring mechanisms – a technical approach to how questions are scored in order to shortlist bidders and eventually select the preferred partner.
  - Undertake Procurement:
    - Conduct "Competitive Dialogue" which typically takes between 6 and 12 months, depending on a number of factors, ranging from the stages utilised within the procedure to the level of Dialogue. It requires Dialogue sessions with bidders and marking and moderation of responses in stages across the timetable:
    - Selection Questionnaire stage – all bidders assessed and 5 are selected to proceed to Detailed Solutions
    - Detailed Solutions stage – 5 bidders are taken through the process. Three rounds of dialogue are held with bidders at this stage. 3 bidders are selected to proceed to Final Tender
    - Final Tender stage – 3 bidders are taken through the process. Three rounds of dialogue are held with bidders at this stage. 1 preferred bidder is selected.
- **Post Procurement Support**
  - Optimise Contract
  - Once the preferred bidder has been selected there is then a period to optimize and finally sign the contract. Typically, this entails a period of 2 to 3 months with support from the team to ensure the finalised contract is in line with the procurement and that the legal documentation effectively captures the arrangements.
  - Handover / Mobilisation Support

### **Use of External Experts**

Throughout the 2-year programme BBC has, in EELGA's opinion, been very careful to engage suitably qualified and experienced experts to guide it and assist with this complex procurement. These personnel supplemented the work of BBC's own internal project team. (N.B. It is noteworthy that the Council put in place and maintained throughout the process a high-level dedicated officer team with the necessary skill sets and behaviours to manage a complex project successfully).

In terms of external support BBC benefited from taking on board a contracted property expert (Chris Gill) who was able to co-ordinate and link all the external inputs with the internal team and Members.

BBC also appointed very experienced specialist external legal support (Sharpe Pritchard) to supplement its own high-calibre internal legal resource to help develop the procurement documentation and manage and oversee the detailed procurement process itself.

In addition BBC appointed EELGA and endorsed its engagement and use of a specialist market leading financial and joint venture consultancy practice, 31ten Consulting, to carry out the extensive business case development and the financial modelling and appraisal work as part of EELGA's strategic and financial adviser role. The role of 31ten Consulting was crucial in helping the Council deliberate and work through the many options it had in how to approach the market. For example its consultants, together with EELGA, helped the Council explore different options ranging from simple development agreements and contracts through to self-development options. This thorough evaluation process enabled the Council to ascertain its risk and reward appetite and eventually to decide that a long-term joint venture approach, sharing risks and rewards equally with a partner, would optimise its position and best secure its objectives.

Other specialists were also usefully brought in as necessary at key stages to assist with appraisal during the procurement – for example Montague Evans for property advice in scoring bids and moderating.

### **Governance**

BBC established very sound governance arrangements for this project.

Its leading Members played an active and very positive role in steering, challenging and overseeing the project from inception. Similarly the Chief Executive and his top management team played an equally engaged, active role. The close working relationship between Members and officers and flow of information together with appropriate "check and challenge" sessions was all very beneficial to the process.

Furthermore, as mentioned above, BBC established a very strong, well-resourced dedicated project management team who exhibited total professionalism and commitment to the project and the Council's aims.

### **Reflections on Process / Due Diligence**

EELGA has been associated with many complex property related procurements and asset programmes and is aware of their challenges and potential problems.

In its view this particular exercise has been pursued with scrupulous care and diligence by all concerned and the Council has pursued a very thorough process.

BBC invested in high quality external advisers and ensured it benefited from their experience and advice. The Council also maintained strong governance arrangements to challenge and steer the project.

The Council spent sufficient time 'up front' to work out its objectives and approach, and importantly its approach to risk and reward, and this laid the foundation for the procurement itself. It also put considerable time and resource into carrying out a detailed soft market testing exercise over several days (with noteworthy participation by the Deputy Leader on behalf of Members and the Chief Executive) and into exploring all the market options (as outlined above) before entering into procurement. This helped to ensure its overall approach was sound and that the market was ready to respond positively.

The procurement process itself was very thorough involving a detailed competitive procurement process over some 10 months and conducted with due care and diligence.

All of these factors combined will have helped ensure that BBC has achieved the best result it could in the market at this time in seeking a suitable long-term asset development partner to deliver its agreed objectives.

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