

Derbyshire Dales District Council

# **Development Agent Specification**

## Council Housebuilding Programme

July 2020

Derbyshire Dales District Council, Town Hall, Bank Rd, Matlock DE4 3NN

## Table of Contents

1	Introduction.....	2
2	Stage 1: Land and Property Acquisition .....	4
3	Stage 2: Scheme Design and Planning Permission .....	7
4	Stage 3: Tendering.....	10
5	Stage 4: Building Contract / On-site .....	13
6	Stage 5: Bid (if appropriate).....	16
7	Stage 6: Audit Compliance .....	18
8	DDDC's Responsibilities, Performance Management and Contract Management .....	20
9	Appendix 1 – Development Pipeline.....	22

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# 1 | Introduction

## 1.1. Derbyshire Dales District Council

- 1.1.1. Derbyshire Dales District Council (DDDC) are initiating a new council housebuilding programme. This is to be a phased programme that will deliver 52 homes for Affordable Rent (rent capped at Local Housing Allowance levels) and Shared Ownership. It is likely that subject to funding, further phases will also be commissioned through this contract.
- 1.1.2. Whilst the initial development programme is phased over 7 years, it could take place over a shorter time period, depending on opportunities and funding. The Council wish to appoint a Development Agent for a period of 10 years. The first phase (2020/2021) will potentially deliver 7 units. The homes across the programme will be delivered through a mixture of means: new build construction, S106 units and empty home renovation. All the homes will be built with features enabling strong energy efficiency, responding to the DDDC's declaration of a climate emergency.
- 1.1.3. The breakdown of the homes to be developed is as follows:
  - 8 Empty Homes
  - 35 Homes from S106 Opportunities
  - 8 Homes from DDDC-led New Build Schemes
- 1.1.4. Additionally, a property was bequeathed to the Council. This will not require any services of the Development Agent.
- 1.1.5. The housebuilding programme will be funded by S106 monies, Right to Buy (RTB) receipts, combined with Homes England (HE) grant and sales receipts, from first tranche shared ownership sales, as appropriate.
- 1.1.6. Strategically, this programme aims to deliver council homes to local people which will help meet housing need in the district and generate rental income to support the Council's wider strategic objectives.
- 1.1.7. All schemes will be managed by DDDC Housing who will have delegated authority to approve and progress the programme through gateways.
- 1.1.8. Additionally, this programme will deliver housing that has a high level of energy efficiency. In 2019, DDDC declared a climate emergency and in response to this have set a target to be carbon neutral by 2030. As a measure to achieve this target, DDDC has a budget of £10,000 per home for all homes, except those from S106 opportunities, to make the homes delivered through their affordable housing programme energy efficient.

## 1.2. Services Required

- 1.2.1. For this programme, DDDC are seeking the services of a third party to operate as a development agent for their housebuilding programme. This

specification sets out in detail the services required during the following stages of the development programme's phases:

- Stage 1: Land and Property Acquisition
- Stage 2: Scheme Design and Planning Permission
- Stage 3: Tendering
- Stage 4: Building Contract / On-site
- Stage 5: Bid (if appropriate)
- Stage 6: Audit Compliance

1.2.2. As the programme is phased, these stages will all occur multiple times throughout the contract, occurring each time a new phase is initiated. There is significant possibility, if there are programme delays or overruns, that multiple stages could occur concurrently. Therefore, it is important that the Development Agent has the capacity and resources to undertake multiple stages simultaneously.

1.2.3. The Development Agent is expected to have, or be willing to produce, development procedures and policies.

## 2 | Stage 1: Land and Property Acquisition

### 2.1. Introduction

- 2.1.1. This section sets out the specification of services required from the Development Agent for Land and Property Acquisition.
- 2.1.2. The following sections of this specification describe the key purpose and objectives of the service, as well as processes and activities that need to be undertaken and delivered by the Development Agent. This includes a number of target outcomes and standards expected from the service.

### 2.2. Purposes and Objectives

#### 2.2.1. These services aim to:

- Identify and purchase suitable sites / properties and S106 opportunities
- Appoint all the necessary technical and professional sub-consultants
- Brief the sub-consultants and provide guidance on preliminary matters
- Liaise with DDDC, the consultant team and the landowner to negotiate a price and acquire the opportunity

### 2.3. Services to be provided

- 2.3.1. DDDC currently have a business plan for their development programme, which is appraised through Podplan, a development appraisal toolkit. Once appointed, the Development Agent is expected to re-run this appraisal through their own appraisal software using DDDC's agreed assumptions. This may involve updating schemes, rents and costs as required. Throughout the programme, the Development Agent will be required to update this business plan at agreed intervals.
- 2.3.2. The Development Agent will be required to identify, assess and view sites / properties / S106 opportunities where necessary. This will include financial appraisals. Any financial appraisals undertaken by the Development Agent will utilise DDDC's development period and long-term financial assumptions.
- 2.3.3. Then, the Development Agent will prepare outline proposals for the Council's requirements, report on their feasibility and discuss with the Council and any relevant stakeholders. It is expected that the report will include:
  - A summary of the opportunity
  - A financial analysis of the impacts of acquisition. This will include an assessment of costs, income and programme.

- Stress testing to demonstrate the impact of a change in the economic climate.
  - Risk schedule including methods to mitigate risk.
  - Recommended approach.
- 2.3.4. Once the Council has agreed to acquire certain sites / properties / S106 opportunities, the Development Agent will notify the Council when the purchase has been formalised and obtain signatures to contract and legal agreements from the Council. The Development Agent will be expected to obtain legal advice in regard to the schemes, as appropriate and required.
- 2.3.5. Specifically, for S106 opportunities, the Development Agent will be required to:
- Build a relationship with the Developer
  - Undertake financial modelling of the acquisition
  - Submit an offer and handle any subsequent negotiation
  - Report on progress during the build contract
  - Organise the handover of the units
  - Ensure the units are in line with the Council's requirements
- 2.3.6. With the Council's approval, the Development Agent will select and appoint an architect, cost consultant and any other necessary specialist advisors for the programme / phase. The Development Agent will obtain evidence of professional indemnity insurance from these appointees.
- 2.3.7. The Development Agent will prepare an outline brief for these sub-consultants.
- 2.3.8. The Development Agent will provide direction to sub-consultants and the Council on a variety of issues including (but not limited to):
- Surveys
  - Scheme sketches and designs
  - Preliminary costs
- 2.4. Target Outcomes and Standards
- 2.4.1. The successful delivery of these services will result in:
- The acquisition of appropriate sites / properties and S106 opportunities
  - The appointment of appropriate and well-qualified sub-consultants
  - The swift and effective delivery of initial guidance and outline briefs
- 2.4.2. DDDC wishes to ensure extra effort is used to attempt to appoint professional and technical appointees from the local economy to support local businesses.

2.5. Key Roles and Responsibilities

2.5.1. The following flowchart provides a brief overview of the responsibilities and roles of both the Development Agent and DDDC Housing for this stage.

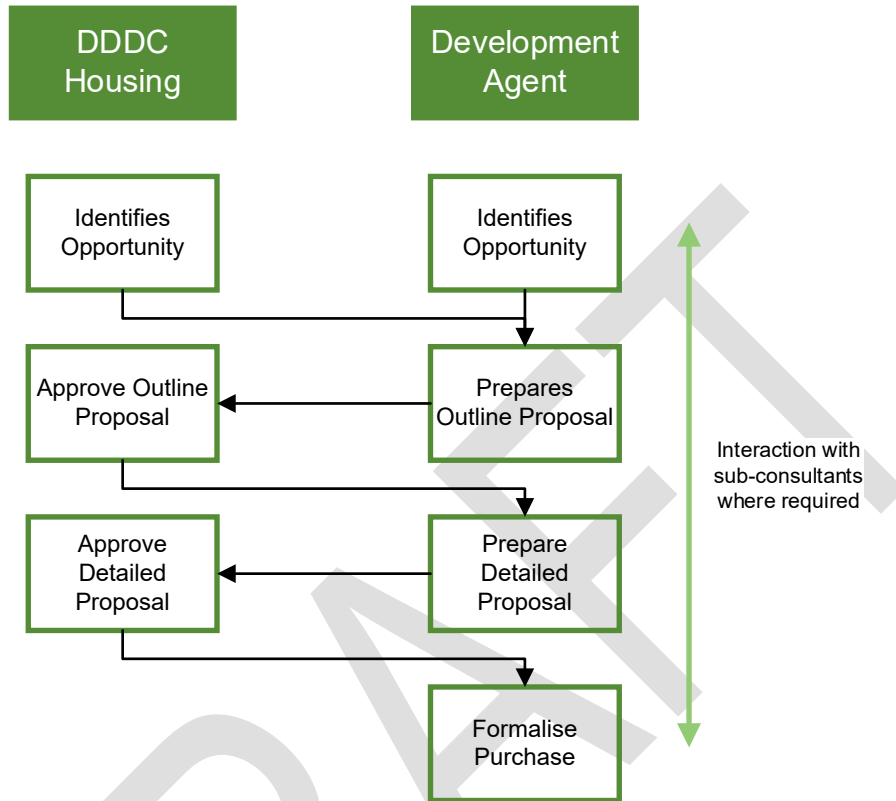


Figure 1 Land and Property Acquisition Flowchart

## 3 | Stage 2: Scheme Design and Planning Permission

### 3.1. Introduction

- 3.1.1. This section sets out the specification of services required from the Development Agent for Scheme Design and Planning Permission.
- 3.1.2. The following sections of this specification describe the key purpose and objectives of the service, as well as processes and activities that need to be undertaken and delivered by the Development Agent. This includes a number of target outcomes and standards expected from the service.

### 3.2. Purposes and Objectives

- 3.2.1. The aims of these services are to:
  - Assist the phases of DDDC's housebuilding programme to gain full planning permission
  - Seek and apply for grant funding, where required
  - To create a design that meets the objectives of DDDC
  - Ensure compliance with CDM and Health and Safety Regulations
  - Finalise scheme design

### 3.3. Services to be provided

- 3.3.1. The Development Agent must provide advice on the overall design approach. In regard to design, the Development Agent will be required to give guidance on how the design will progress.
- 3.3.2. The Development Agent will be required to procure and lead the consultant design team.
- 3.3.3. The Development Agent will be required to prepare a detailed project brief to the sub-consultant team. This preparation will occur in consultation with DDDC and any relevant sub-contractors.
- 3.3.4. Alternative layouts and designs will additionally need to be produced and presented to DDDC Housing to assist in the finalisation of site layout and detailed plans.
- 3.3.5. There will need to be assurances around compliance with CDM Regulations and the production of the Health and Safety file.
- 3.3.6. The Development Agent will also need to produce design stage financial appraisals and report on these to DDDC Housing.
- 3.3.7. In terms of planning, the Development Agent will be required to provide the following services:
  - Undertake a pre-application process and meet with Council Officer's to discuss the pre-application



- In consultation with DDDC, progress submission for full planning permission and all necessary statutory consents and approvals
  - Attend public consultations and any other scheme specific activities, if necessary
  - Submit the planning application with full supporting documentation including any alterations suggested by planning officers
  - Undertake any planning obligations / S106 exercises/ negotiations
- 3.3.8. Also, during this stage, the Development Agent should identify whether any external or additional funding is required, beyond that which DDDC have already stipulated.
- 3.3.9. It should be noted that these services around design and planning will not be required for any S106 properties in the programme. These properties will be acquired after external parties have completed their design, planning and construction.
- 3.4. Target Outcomes and Standards
- 3.4.1. The outcomes of these services are:
- Full planning permission is obtained in an appropriate timeframe
  - The scheme design is finalised to a high quality
  - Any requirements for external funding have been identified
- 3.5. Key Roles and Responsibilities
- 3.5.1. The flowchart overleaf provides a brief overview of the responsibilities and roles of both the Development Agent and DDDC Housing for this stage. It is important to note that this stage will not be required for all opportunities as some schemes, like S106 opportunities, will already be designed and have planning.

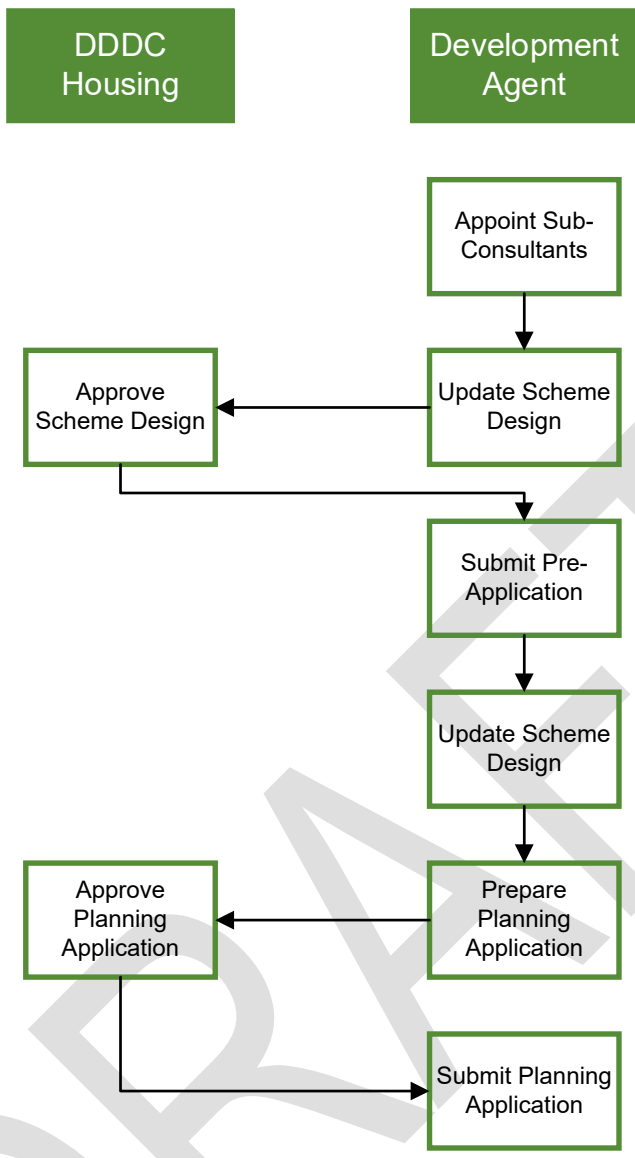


Figure 2 Scheme Design and Planning Permission Flowchart

## 4 | Stage 3: Tendering

### 4.1. Introduction

- 4.1.1. This section sets out the specification of services required from the Development Agent for Tendering.
- 4.1.2. The following sections of this specification describe the key purpose and objectives of the service, as well as processes and activities that need to be undertaken and delivered by the Development Agent. This includes a number of target outcomes and standards expected from the service.

### 4.2. Purposes and Objectives

#### 4.2.1. This stage aims to:

- Procure / appoint build contractors required for the phases' developments
- Complete any required documentation prior to Start on Site

### 4.3. Services to be provided

- 4.3.1. A key service the Development Agent will have to provide is the appointment of all professional and technical assistance required to progress the phases in line with relevant procurement policies and DDDC's requirements.
- 4.3.2. The Development Agent and DDDC will discuss what procurement route should be taken for the programme. The Development Agent will provide advice, specifically identifying an EU compliant approach to partnering of competitive tendering.
- 4.3.3. The Development Agent will be required to undertake the following services related to tendering:
  - Support, where necessary, the production of procurement documents
  - Assisting DDDC in the analysis of tender documents
  - Preparation of Tender Report with conclusions and recommendation
  - Evaluate the successful bidders workload, capacity and insurances
- 4.3.4. It is paramount that these procurement exercises are undertaken with concern and awareness for ensuring value for money and the Council's strategic objectives.
- 4.3.5. The Development Agent will appoint the successful bidders on behalf of DDDC.
- 4.3.6. Once appointed, the Development Agent will negotiate the start on site date and programme of work with the build contractor.

- 4.3.7. After appointment and prior to Start on Site, the Development Agent will be required to produce pre-start financial appraisals and cashflows for each phase.
- 4.3.8. Additionally, the Development Agent will liaise with DDDC's legal advisors on all aspects of the scheme and arrange for the completion of any required legal documentation prior to Start on Site.
- 4.3.9. Again, it should be noted that these services around tendering will not be required for any S106 properties in the programme. These properties will be acquired after external parties have completed their design, planning and construction so no tender process will be required to acquire them.

#### 4.4. Target Outcomes and Standards

##### 4.4.1. The outcomes and standards of this stage are:

- All appointees are in line with the Council's requirements
- Value for money has been achieved with the appointees
- All documentation and enabling activities for the Start on Site has occurred for the scheme to progress

##### 4.4.2. DDDC wishes to ensure extra effort is used to procure local bidders to support the local economy.

#### 4.5. Key Roles and Responsibilities

##### 4.5.1. The flowchart overleaf provides a brief overview of the responsibilities and roles of both the Development Agent and DDDC Housing for this stage.

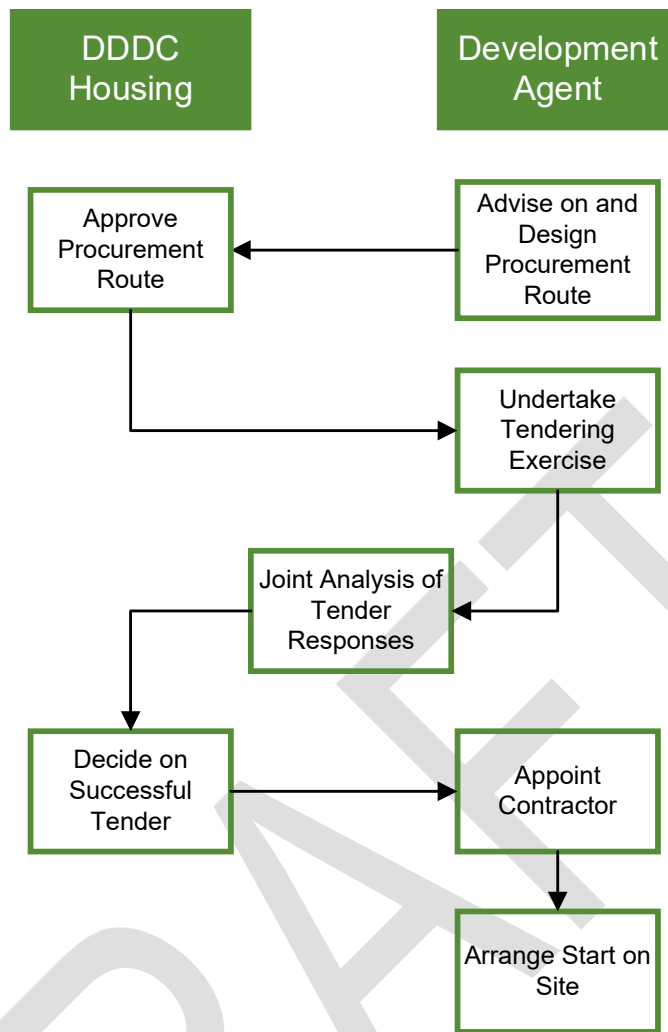


Figure 3 Tendering Flowchart

## 5 | Stage 4: Building Contract / On-site

### 5.1. Introduction

- 5.1.1. This section sets out the specification of services required from the Development Agent during the Building Contract / On-site stage of the DDDC's development programme.
- 5.1.2. The following sections of this specification describe the key purpose and objectives of the service, as well as processes and activities that need to be undertaken and delivered by the Development Agent. This includes a number of target outcomes and standards expected from the service.

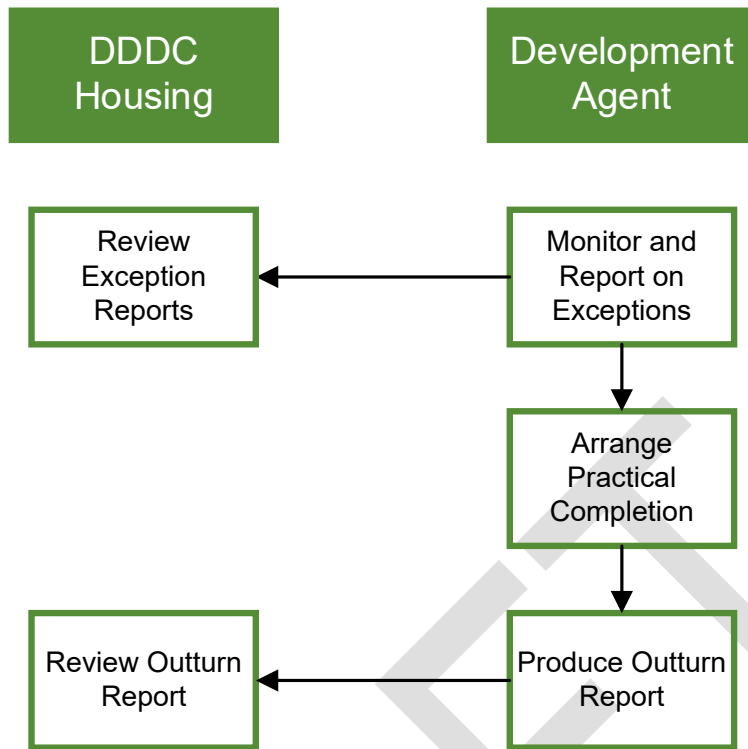
### 5.2. Purposes and Objectives

- 5.2.1. The purposes and objectives of these services are to:
  - Manage the activities of the on-site components of the phases
  - Monitor and report on the activities of the on-site components of the phases
  - Update DDDC on the progress of the scheme

### 5.3. Services to be provided

- 5.3.1. The Development Agent will be required to undertake the following project management services whilst construction occurs:
  - Attend pre-start meetings
  - Attend site meetings
  - Check and process contract payments
  - Advise the DDDC on any revisions or variations to agreed cost and specification
  - Monitor scheme against agreed milestones and advise DDDC of progress and, if delays occur, swiftly notify DDDC of the length of delay and any cost implications
  - Manage and maintain a live risk register that evolves with the construction
  - Update the DDDC quarterly on the scheme's cash flow
  - Organise design review meetings and provide summaries of these meetings
- 5.3.2. The Development Agent will coordinate the practical completion of the property and ensure that the properties have been scheduled into the Management Agent's systems. The Development Agent will also be required to provide support for any opening events and work with DDDC's marketing team to ensure there is good publicity for the new Council homes.

- 5.3.3. Once each phase is complete, the Development Agent will be required to provide DDDC with a report on the phase and, if required, present this report at relevant Committee meetings.
- 5.3.4. DDDC anticipate that, given the variety of delivery routes in the housebuilding programme, that the on-site services will differ between S106, empty homes and new build schemes. The Development Agent should be adaptable to these differences and have experience of tackling these different delivery routes.
- 5.3.5. All residential units are expected to be constructed to a high standard and in line with building regulations.
- 5.3.6. Additionally, all units, except those delivered through S106 opportunities, will be built with special energy efficient improvements and the Development Agent will be required to assist in the delivery of these improvements. This measure is in response to the climate emergency that has been declared by the Council. DDDC have a budget of £10,000 per unit for energy efficient improvements.
- 5.4. Target Outcomes and Standards
- 5.4.1. The outcomes of these services are:
- The on-site activity is well-managed
  - DDDC swiftly notified of any significant changes and any minor changes are reported appropriately
- 5.5. Key Roles and Responsibilities
- 5.5.1. The flowchart overleaf provides a brief overview of the responsibilities and roles of both the Development Agent and DDDC Housing for this stage.



*Figure 4 Building Contract / On-site Flowchart*

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## 6 | Stage 5: Bid (if appropriate)

### 6.1. Introduction

- 6.1.1. This section sets out the specification of services required from the Development Agent for Bidding.
- 6.1.2. The following sections of this specification describe the key purpose and objectives of the service, as well as processes and activities that need to be undertaken and delivered by the Development Agent. This includes a number of target outcomes and standards expected from the service.

### 6.2. Purposes and Objectives

#### 6.2.1. This stage aims to:

- Successfully bid for funding, if appropriate and needed for the programme or phase

### 6.3. Services to be provided

- 6.3.1. If appropriate, the Development Agent will provide advice to the Council on prevailing market conditions and recommend the level of grant to be bid for. Additionally, the Development Agent should provide guidance on the process of submitting a bid to a funding provider. It is expected that the funding provider will most likely be Homes England, however the Development Agent may be required to submit bids to other funding providers.
- 6.3.2. If it has been agreed with DDDC that a bid is to be submitted, the following services are required from the Development Agent:
  - Preparation of bid stage information that is submitted to the Council for approval
  - Arrange submission of the bid into the funding provider's system
  - Monitor the submission of the bid and respond to any queries by the funding provider regarding the bid
  - Inform the Council of the results of the bid submission when informed by the funding provider
- 6.3.3. The Development Agent will be an Investment Partner of Homes England (or similar arrangement) to access grant and maintain this status through the period of the Development Agent contract (or commit to securing this status with Homes England prior to entering into the Development Agent contract). DDDC will access grant through this arrangement as a sub-partner of the Development Agent.

### 6.4. Target Outcomes and Standards

#### 6.4.1. These services will ensure:

- A bid for funding is approved by the Council
- The process of bidding is seamless
- A bid is successful

6.5. Key Roles and Responsibilities

6.5.1. The following flowchart provides a brief overview of the responsibilities and roles of both the Development Agent and DDDC Housing for this stage.

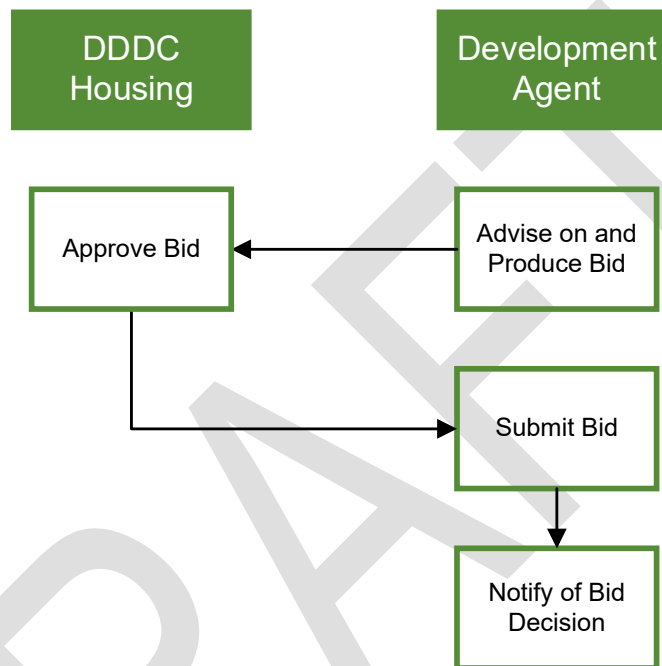


Figure 5 Bid Flowchart

## 7 | Stage 6: Audit Compliance

### 7.1. Introduction

- 7.1.1. This section sets out the specification of services required from the Development Agent for Audit Compliance.
- 7.1.2. The following sections of this specification describe the key purpose and objectives of the service, as well as processes and activities that need to be undertaken and delivered by the Development Agent. This includes a number of target outcomes and standards expected from the service.

### 7.2. Purposes and Objectives

- 7.2.1. These Audit Compliance services aim to ensure:
  - The Council remains informed throughout the programme
  - The homes are built to a required standard
  - The Council's interests remain primary throughout the programme
  - All contractual obligations of external funding are met

### 7.3. Services to be provided

- 7.3.1. The following audit compliance services as required of the Development Agent:
  - Provide monthly performance reports to the Council
  - Maintain a record of financial appraisal performance through the approval stages of the programme.
  - Production and maintenance of a detailed audit trail for the developments that is in line with the requirements of DDDC and any external funders
  - Ensure schemes meet all required standards
  - Ensure schemes meet contractual obligations in line with the requirements of any external funding
  - Provision of ongoing management of schemes against milestones agreed with any external funding bodies, for instance Homes England, and provide advice where delays occur
  - Coordination of the provision of all certification and approvals required for any external funders
  - Remain in accordance with Homes England's standard audit compliance requirements
- 7.3.2. The Development Agent should throughout the project act and progress the phases and the overarching programme in the best interests of the Council.

- 7.3.3. Throughout the contract, the Development Agent will report to DDDC Housing who will have delegated authority. This delegated authority will be utilised to provide approval to the Development Agent where necessary against key milestones / gateways.
- 7.3.4. The Development Agent will carry out all relevant and required activities on Homes England Investment Management (or any successor systems) to secure grant funding and any requirement input or system management prior to, during or post grant funding being secured.
- 7.3.5. Where required, the Development Agent may be requested to provide training on development matters to DDDC staff.
- 7.3.6. The Development Agent will ensure the Council's Building Control Service undertakes the Building Control service for the programme.

#### 7.4. Target Outcomes and Standards

##### 7.4.1. These services will ensure:

- All homes are built to a high-quality standard as well as containing strong energy efficiency measures
- There is a robust detailed audit trail that covers the entire scope of the programme
- The Council is well-informed throughout the programme
- External funders, where there are delays, are notified promptly and there are assurances that no contractual obligations are being broken

## 8 | DDDC's Responsibilities, Performance Management and Contract Management

### 8.1. DDDC's Responsibilities

#### 8.1.1. DDDC's responsibilities are as follows:

- Identifying potential site / property / S106 opportunities, alongside the Development Agent
- Setting its development appraisal assumptions and informing the Development Agent of the approved assumptions.
- Checking and ensuring the development appraisal model is set in accordance with its assumptions.
- Obtaining and providing all necessary internal approvals in order for the development to proceed in a timely manner.
- Putting in place the necessary development finance in order to ensure completion of the development.
- Checking the financial capacity of all suppliers in relation to the development

### 8.2. Performance Management and KPIs

8.2.1. DDDC is seeking to adopt the Development Agent's existing KPIs for their development programme.

8.2.2. As part of the evaluation process for the tender, Bidders are being requested to provide their KPIs, considering best practice and common approaches to KPIs in the sector.

### 8.3. Contract Management

8.3.1. As noted throughout this specification, DDDC requires robust and high-quality contract management from the provider.

8.3.2. The following elements of contract management are required from the provider:

- Monthly performance reports
- Quarterly programme reporting on scheme progress and financial viability
- A performance and update meeting with DDDC every two months
- Quarterly updates of on-site scheme's cashflows
- Attendance at Committee meetings, when required

8.3.3. Additionally, DDDC will set a series of thresholds, relating to budget and other key programme matters, with the Development Agent once appointed. The

Development Agent will be required to immediately report to DDDC, if these thresholds are exceeded.

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## 9 | Appendix 1 – Development Pipeline

9.1.1. Below is DDDC’s anticipated development programme. It outlines the number of units the Development Agent is expected to develop per year in the 7 years of the 10-year contract, where the Development Agent services are required.

9.1.2. This programme is not final and may change.

	20/21	21/22	22/23	23/24	24/25	25/26	26/27
Unit Type	Unit Number	Unit Number	Unit Number	Unit Number	Unit Number	Unit Number	Unit Number
Empty Homes	0	2	2	0	2	2	0
S106	7	0	8	4	4	6	6
New Build	0	6	0	2	0	0	0