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| Strategic Research and Economic Analysis Framework  |

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| Further Competition Invitation to Tender: Stage 3 **Affordable Housing – Fiscal and Household Finance Impacts**

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| **Issue Date: 02/08/2023****ProContract Identification Number:** **DN678265** |

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**Introduction**

The purpose of this Further Competition Invitation to Tender (ITT) is to award the call-off contract for the above commission*.*

We ask you to respond to the questions detailed in Part 2, Section 6 (Evaluation Criteria) using the [Response Form](#_RESPONSE_FORM) and to return the Response Form and Resource and Pricing Schedule in Part 3 with your tender.

This Further Competition ITT is divided into 3 parts:

**Part 1 – Commission Requirement**

* Details the commission requirements.
* Details additional terms and conditions for the Further Competition. The successful Supplier will be subject to both the terms and conditions of this Further Competition and the Framework Contract. Unless otherwise defined in these instructions, terms used shall have the meaning given to them in the Framework Contract.

**Part 2 – Instructions for Submitting a Response**

* Contains important information and instructions on preparing and submitting a tender response. Please read these instructions carefully prior to submitting your tender response.
* Outlines the evaluation criteria which will be used for assessment. It is important that Suppliers familiarise themselves with the criteria and ensure they are considered when compiling their tender response.

**Part 3 – Standard Forms**

* Contains the standard forms required to be completed and returned by the Supplier when submitting a tender response.

**Part 1 - Commission Requirements**

1. **Commission Background**

Economic appraisal involves the assessment of a range of costs and benefits as defined in the HM Treasury Green Book. An important part of this assessment involves the estimation of fiscal and financial impacts to the public sector, private sector and to households. This commission is concerned with the assessment of fiscal and household financial impacts in the context of the affordable housing products supported by Homes England.

The successful supplier will need to work with Homes England to assess the current evidence used within the economic appraisal of affordable housing and to undertake a literature review to determine whether a broader and/or better range of evidence may be utilised.

1. **Existing literature**

A broad range of existing literature is available on this subject and we would anticipate much of this being reviewed as part of the commission. However, as a starting point we would highlight the following:

* DLUHC appraisal guide (2023). The DLUHC appraisal guide provides the evidence currently used to inform the appraisal of affordable housing interventions. This includes fiscal impacts related to change in housing benefit payments and health cost impacts related to reduced overcrowding and homelessness.
* Greater Manchester Combined Authority Unit Cost Database. The GMCA unit cost database presents a broad range of evidence intended for use in economic appraisal.
1. **Objectives**

The overarching objective for this commission is to provide robust evidence on the fiscal and household financial impacts associated with affordable housing products.

Further detail on the expected scope of the commission and the approach that may be taken to its delivery is set out in the section below.

1. **The Services**

To deliver on the commission objective we would expect the commission to involve the following areas of work.

**A. Affordable housing typology**

Define a typology of affordable housing tenures. This typology will need to transparently balance the need for proportionality with the complex nature of this market.

Completing this task will require the supplier to identify and engage with a broad range of stakeholders, ensuring the outputs from this commission are suitably credible to inform decision making. We would expect these stakeholders to include representatives from Homes England, the DLUHC and providers of affordable housing (including Homes England’s latest strategic partners).

As a starting point we might anticipate the typology covering the following areas:

* Low cost rented affordable housing – Social Rent
* Low cost rented affordable housing – Affordable Rent
* Low cost rented affordable housing – Supported Housing[[1]](#footnote-1)
* Affordable home ownership – Shared Ownership
* Affordable home ownership – Rent to Buy (which includes a period of intermediate rent)
* Affordable home ownership – First Homes

**B. Typology of activity supported by Homes England**

Define a typology of intervention approaches that may be taken by Homes England. This typology will need to focus on the impact different forms of intervention will have on the approach to economic appraisal. Consideration may also be given to the impact of the way in which support is provided by Homes England (e.g. grant funding, guarantees, conditions via land disposal).

Completing this task will require the supplier to identify and engage with a broad range of stakeholders, ensuring the outputs from this commission are suitably credible to inform decision making. We would expect these stakeholders to include representatives from Homes England, the DLUHC and providers of affordable housing (including Homes England’s latest strategic partners).

As a starting point we might anticipate the typology covering the following areas:

* New Build Homes - i.e. the provision of a new units increasing the overall stock of affordable housing, including the construction of new dwellings on land purchased or already owned by the provider, as well as ‘Off the Shelf’ purchases from a contractor / developers
* Rehabilitation Schemes involving purchase - i.e. sub-standard open market / second hand units being refurbished to a higher standard, increasing the overall stock of affordable housing
* Re-improvement of provider-owned stock - i.e. existing sub-standard units being refurbished to a higher standard without increasing the overall stock of affordable housing
* Replacement Homes - i.e. existing sub-standard units or moribund units being demolished and replaced with new units

**C. Theory of change**

A theory of change should be developed that clearly explains the fiscal and household financial impacts that are expected to be associated with the combination of the affordable housing and intervention typologies. These financial impacts should cover:

* Impacts to the public sector – commonly referred to as fiscal impacts and may be on either costs or receipts
* Impacts to households – impacts to households’ costs or income. This could, for example, include impacts to rent or other household costs

Consideration should also be given to whether there may be financial impacts to private businesses or third sector organisations.

An important part of this work will be the consideration of the appropriate comparator groups in each case. We might anticipate these including:

* Rough Sleepers
* Statutorily Homeless Households
* Households in Emergency or Temporary Accommodation
* Private Rented Sector households
* Concealed or newly formed households
* Households living in sub-standard homes
* Existing affordable housing residents

**D. Literature review**

Undertake a literature review to both inform the development of parts A-C and to identify the range of evidence available to inform the economic appraisal of the impacts identified in the theory of change. This should include quantitative evidence on the financial impacts identified through the project.

The successful supplier should define a framework to critically assess the robustness of the evidence identified to ensure the evidence proposed for use in economic appraisal is fit for purpose.

**E. Future research opportunities**

After completing the literature review any gaps in the evidence base should be identified and opportunities to fill these gaps through further research should be assessed to allow for future prioritisation. This could include future research to produce estimates where evidence isn’t currently available, where existing evidence is dated/unreliable or where there would be value in disaggregating existing estimates.

**F. Final Report**

A final report should be prepared that brings together the evidence from each area of work. This should focus on providing the evidence and associated theoretical background required to apply the findings from the commission in the context of Homes England economic appraisal. All evidence and any assumptions required should be clearly referenced and recorded alongside an assessment of their robustness.

This report should be suitable for publication and may be supported by further background documents if appropriate (e.g. interim outputs). Where supporting documents are proposed, these should also be suitable for publication. Documents should make use of a template and be in a format that will be specified by Homes England.

1. **Key Deliverables**

The final report will form the key deliverable for the commission. Further interim outputs may be prepared as the commission progresses and used to support the final report as required.

1. **Indicative Programme**

Suppliers should note the indicative programme dates when preparing their Programme information in the Response Form.

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| **Key Delivery Milestones** | **Anticipated Date** |
| Commencement Date | September 2023 |
| Completion Date | March 2024 |

1. **Management**

The supplier will be managed by a Senior Economist in the Homes England Economics Team and will need to engage with a variety of colleagues across Homes England in completing the commission.

The supplier will be expected to provide regular updates on progress to the Homes England Project Manager. Updates will be expected at least every two weeks with the appropriate form of these (e.g. teleconference vs email) being agreed between the supplier and Project Manager (noting this may vary through the project).

**Meeting Requirements:**

* **Inception meeting**

An inception meeting will be held between the supplier and Homes England as soon as is practicable following contract award. This might ideally be within 1 week of contract award.

The Homes England Project Manager will coordinate attendance among Homes England colleagues and would anticipate representatives from several parts of the organisation with an interest in the project. The supplier should ensure appropriate attendance from the supplier and any sub-contractors.

The purpose of the meeting will be to agree the management arrangements for the project and to determine what input the supplier requires from Homes England.

* **Review meetings**

Regular meetings will be held with the supplier through the commission, ensuring the project remains on track to deliver agreed milestones and that the supplier is getting the necessary inputs from Homes England.

* **Poor Performance Meeting**

These meetings will hopefully not be required. However, if poor performance is repeated following escalation to the Supplier’s Key Personnel to resolve the issue, as required in the Framework Management Schedule of the Framework Contract, the Framework Manager must be notified and Homes England may call for a Poor Performance Meeting. Beforehand, Homes England will present areas of concern so that the Supplier and Homes England can discuss what happened and why, what will be done to prevent it happening again and how matters will improve. The Supplier subject to such a meeting would be expected to outline in writing in a Rectification Plan afterwards what improvements/modifications they will be putting in place. There will be a maximum of two Poor Performance Meetings before termination of the commission.

1. **Payment**

Payments will be made on the completion of project milestones. These milestones will be agreed with the supplier on the inception of the project.

1. **Termination**

Should performance during the period of this appointment prove unsatisfactory following the Poor Performance meeting provisions set out in the Management section above, Homes England will exercise its right under the Termination and Suspension of the Contract clause in the Framework Contract to give notice to terminate the arrangement with immediate effect.

If the services are no longer required, for whatever reason, then Homes England reserves the right to terminate the appointment and pay for services completed at that point.

1. **Conflict of Interest**

Homes England will exclude the Supplier if there is a conflict of interest which cannot be effectively remedied. The concept of a conflict of interest includes any situation where relevant staff members have, directly or indirectly, a financial, economic or other personal interest which might be perceived to compromise their impartiality and independence in the context of the procurement procedure.

Where there is any indication that a conflict of interest exists or may arise then it is the responsibility of the Supplier to inform Homes England, detailing the conflict in a separate Appendix.

1. **Confidentiality**

This Further Competition ITT and associated information is confidential and shall not be disclosed to any third party without the prior written consent of Homes England. Copyright in this Further Competition ITT is vested in Homes England and may not be reproduced, copied or stored on any medium without Homes England's prior written consent.

Suppliers shall not undertake, cause or permit to be undertaken at any time any publicity in respect of this Further Competition process in any media without the prior written consent of Homes England.

**Part 2 - Instructions for Submitting a Response**

1. **General**

1.1 The Further Competition deadline is **17:00** on **31/08/2023** and tender responses **must** be submitted on ProContract. Please regularly check ProContract for any amendments to the Further Competition deadline. For all ProContract portal issues please contact ProContractSuppliers@proactis.com.

* 1. Suppliers **must** ensure that suitable provision is made to ensure that the submission is made on time. Any tender responses received after the Further Competition deadline shall not be opened or considered unless Homes England, exercising its absolute discretion, considers it reasonable to do so. Homes England, may, however, at its own absolute discretion extend the Further Competition deadline and shall notify all Suppliers of any change via ProContract.
	2. **Please note all communications during the tender period will be via the ProContract website. All Suppliers that have registered their interest for the Procurement will receive a direct email notification from ProContract on any updates via the Suppliers registered email address. No approach of any kind should be made to any other person within, or associated with, Homes England. It is the Suppliers responsibility to check the ProContract website for any updates to the Procurement process. No claim on the grounds of lack of knowledge of the above mentioned item will be entertained.**
	3. The Supplier should check the Further Competition ITT for obvious errors and missing information. Should any such errors or omissions be discovered the Supplier must send a message via the messaging function on ProContract. No alteration may be made to any of the documents attached thereto without the written authorisation of Homes England. If any alterations are made, or if these instructions are not fully complied with, the tender response may be rejected.
	4. All clarification requests must be sent using ProContract no later than 5 working days before the Further Competition deadline shown on ProContract. Any queries submitted after this may not be answered. Homes England will respond to clarifications as soon as practicable.
	5. Suppliers should specify in their clarification questions if they wish the clarification to be considered as confidential between themselves and Homes England. Homes England will consider any such request and will either respond on a confidential basis or give the Supplier the right to withdraw the clarification question. If the Supplier does not elect to withdraw the question and Homes England considers any clarification question to be of material significance, both the question and the answer will be communicated, in a suitably anonymous form, to all prospective Suppliers who have responded. If Suppliers consider that word limits set out in Section 20 (Evaluation Criteria) are insufficient to provide the information required by the question then a clarification request should be raised. No guarantee can be given that the word limit will be increased.
	6. Tender responses must not be accompanied by statements that could be construed as rendering the tender response equivocal and/or placing it on a different footing from other Suppliers. Only tender responses submitted without qualification strictly in accordance with the Further Competition ITT (or subsequently amended by Homes England) will be accepted for consideration. Homes England’s decision on whether or not a tender response is acceptable will be final.
	7. Tender responses must be written in English.
	8. Under no circumstances shall Homes England incur any liability in respect of this Further Competition or any supporting documentation. Homes England will not reimburse the costs incurred by Suppliers in connection with the preparation and submission of their tender response to this Further Competition.
	9. Homes England reserves the right to cancel this Further Competition process at any time.
1. **Quality**
	1. A Response Form template has been provided in Part 2 to respond to the Quality questions detailed in Section 20 (Evaluation Criteria). The Response Form must be **completed and returned** as part of the tender response.
	2. Suppliers must provide information on proposed staff in the Response Form and Resource and Pricing Schedule provided in Part 2. If the Supplier is a consortium or intends to sub-contract the Services, in whole or in part, then it should specify precisely in the Resource and Pricing Schedule which economic operator shall perform the Services (or parts thereof).
2. **Pricing**
	1. A Resource and Pricing schedule has been provided with this Further Competition ITT which must be completed and returned as part of the tender response.
	2. The pricing approach for this Further Competition is lump sum fixed fee for the commission.
	3. Day rates should be provided in the Resource and Pricing Schedule, with the Framework Rates setting the maximum that should be applied for each grade.
	4. The list of activities in the Resource and Pricing Schedule is not exhaustive and there may be additional duties/services required that will emerge as work is undertaken.  This commission may be extended on client instruction to cover such matters as arise, based on a time charged fee schedule completed in the tender response. The commission will only be extended if the services relate to the original objective of the overall call off contract.
	5. Suppliers are reminded that day rates for all individuals must be the agreed Framework Contract rates unless discounted rates are offered and will be used for all of the services.
3. **Evaluation**
	1. Tender responses will be evaluated on the basis of the overall most economically advantageous Tender (MEAT) submitted to Homes England. The evaluation criteria (and relative weightings) that Homes England will use to determine the most economically advantageous Tender are set out in Section 20 (Evaluation Criteria) below and the scoring approach is detailed in Section 25 (Worked Example). Scores will be rounded to two decimal places.
	2. Evaluators will initially work independently. Once they have completed their independent evaluation they will meet to discuss, understand and moderate any differences they have via a consensus meeting, where a single consensus score for each question will be agreed.
	3. Award decisions will be subject to the standstill period if over the FTS Services threshold. Unsuccessful Framework Suppliers will be provided with their scores and feedback to explain the award decision.
4. **Documents to be Returned**

Suppliers are expected to provide the following information in response to this Further Competition ITT:

* Completed Response Form
* Completed Resource and Pricing Schedule
* Supporting CV’s for staff proposed to undertake this commission (no more than 1,000 words each)
1. **EVALUATION CRITERIA**

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| Quality will account for 70**%** of the Overall Score. The following scoring methodology will apply:**10 – Excellent** Satisfies the requirement and demonstrates exceptional understanding and evidence in their ability/proposed methodology to deliver a solution for the required supplies/services. Response identifies factors that will offer potential added value, with evidence to support the response. **8 – Good** Satisfies the requirement with minor additional benefits. Above average demonstration by the Supplier of the understanding and evidence in their ability/proposed methodology to deliver a solution for the required supplies/services. Response identifies factors that will offer potential added value, with evidence to support the response.**6 – Acceptable** Satisfies the requirement. Demonstration by the Supplier of the understanding and evidence in their ability/proposed methodology to deliver a solution for the required supplies/services.**4 - Minor Reservations** Some minor reservations of the Supplier’s understanding and proposed methodology, with limited evidence to support the response. **2 – Major Reservations/Non-compliant** Major reservations of the Supplier’s understanding and proposed methodology, with little or no evidence to support the response.**0 - Unacceptable/Non-compliant** Does not meet the requirement. Does not comply and/or insufficient information provided to demonstrate that the Supplier has the understanding or suitable methodology, with little or no evidence to support the response.  **PLEASE NOTE:**If your response scores 0 - 2 for any one question your overall submission will be deemed as a fail. Any text beyond the specified word limits below will be ignored and will not be evaluated. Homes England will not cross-reference to other answers when assessing quality responses. Evaluators will initially work independently. Once they have completed their independent evaluation they will meet to discuss, understand and moderate any differences they have via a consensus meeting, where a single consensus score for each question will be agreed.  |
| **Number** | **Criteria** | **Demonstrated by** | **Weighting** |
| 1 | **Technical Merit of Proposal** The proposal should detail the approach to be taken to deliver the commission.**Maximum word limit** = 3,000 words | Statement outlining method and approach explaining how the commission will be undertakenSchedule of services to be deliveredInformation on other Supplier input that may be requiredIdentification of other information that may be requiredOther commentary on the briefSupported by relevant examples, where applicable, demonstrating how they are relevant to the approach proposed | 35% |
| 3 | **Staff and other Resources**Demonstrate that the supplier will devote staff with suitable expertise to complete the commission to the standard required to be accepted by central Government stakeholders. **Maximum word limit** = 1,250 wordsUp to 5 staff CVs may be included in addition to this word limit and should be no more than 1,000 words each. | Who will undertake the commission and why have they been chosen? Identify key members of staff and allocation to the required servicesHow much time will they devote to it?Supported by resourcing information provided in Resource and Pricing ScheduleSupported by CVs for key members of staff | 25% |
| 4 | **Management and Communication***Demonstrate that robust management process will be in place to ensure the successful delivery of the commission.* ***Maximum word limit*** *= 500 words* | How will the commission be managed? Who will be responsible for reporting to the Client?Who will manage the team? Where subcontracting arrangements are in place, who will manage the contract? | 5% |
| 5 | **Programme**Provide timescales for the completion each part of the commission.***Maximum word limit*** *= 500 words* | What is the programme for the required services?Are the programme dates we have given achievable?Identify risks which may affect the programme or costs, what impact they may have, and any mitigation. | 5% |

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| Price will account for 30% of the Overall Score. The lowest price will gain the maximum marks with other prices expressed as a proportion of the best score using the maths explained in the worked example below. |
| **Criteria** | **Demonstrated by** | **Weighting** |
| Price | Completed Resource and Pricing Schedule | 30% |

1. **Worked Example**

**How your quality scoring will be used to give a weighted score**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Bidder | Question | Score out of 5 | Weighting | Weighting Multiplier | Weighted Score | Total Weighted Score |
| Supplier A | 1 | 6 | 35% | 3.5 | 21 | 46 |
| 2 | 8 | 25% | 2.5 | 20 |
| 3 | 6 | 5% | 0.5 | 3 |
| 4 | 4 | 5% | 0.5 | 2 |
| Supplier B | 1 | 10 | 35% | 3.5 | 35 | 62 |
| 2 | 8 | 25% | 2.5 | 20 |
| 3 | 8 | 5% | 0.5 | 4 |
| 4 | 6 | 5% | 0.5 | 3 |
| Supplier C | 1 | 4 | 35% | 3.5 | 14 | n/a (fail)\* |
| 2 | 2 | 25% | 2.5 | n/a |
| 3 | 4 | 5% | 0.5 | 2 |
| 4 | 4 | 5% | 0.5 | 2 |

\* in the example above Supplier C’s pricing will not be scored

**Worked example of how your price will be used to calculate a score**

|  |  |  |  |
| --- | --- | --- | --- |
| Bidder | Form of Tender price | Lowest price/Supplier’s price (as %) | Price Score (out of 30) |
| Supplier A | 350 | 350/350 = 100% | 100%\*30 = 30 |
| Supplier B | 700 | 350/700 = 50% | 50%\*30 = 15 |
| Supplier C | 250 | n/a | n/a |

**Worked example of Overall Score and Ranking**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Bidder | Total Quality Score | Price Score | Total Score | Ranked Position |
| Supplier A | 46 | 30 | 76 | 2 |
| Supplier B | 62 | 15 | 77 | 1 |
| Supplier C | n/a | n/a | n/a | n/a |

**Part 3**

**3.1 RESPONSE FORM**

|  |  |
| --- | --- |
| **Framework:** | Strategic Research and Economic Analysis |
| **Project Title:** | Affordable Housing – Fiscal and Household Finance Impacts |
| **ProContract Identification Number:** | DN678265 |
| **Supplier:** | [insert] |
| **Date:** | [insert] |

To enable Homes England to evaluate your tender, we require Suppliers to respond to the questions below whilst making reference to the evaluation section above.

Please refer to the evaluation section for page limits for each question. Any text beyond this will be ignored and will not be evaluated.

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| **1. Technical Merit of Proposal**  |
| **3. Staff and other Resources** |
| **4. Management and Communication****5. Programme** |

**3.2 RESOURCE AND PRICING SCHEDULE**

Excel spreadsheet to be embedded by Supplier in response.

1. A separate commission is currently underway focused on the wellbeing and fiscal impacts associated with homes designed to meet the needs of older people. The output from the fiscal impact component of this commission will be shared with the successful supplier once that element of that commission has completed. [↑](#footnote-ref-1)