Appendix 1b

Pricing Evaluation Summary

As part of the Minster Quarter Central Development partner procurement, commercial aspects of the bid were assessed to confirm the economic soundness of the schemes being proposed. Commercial was weighted 35% out of the total 100%. It was subdivided into criteria, namely “price” at 10%, “cost” at 10%, “funding” at 10%, and “legals” at 5%. The Price criteria at ITT was assessed solely on Net Present Value (NPV) of the site, which looks at the current balance of inflow and outflow of value on the site (rather than predictions of potential future values) should the site be delivered as of today. It was agreed that a more comprehensive assessment should occur at BAFO, to consider other key values related to the site being delivered that would identify a more advantageous scheme with which the Council would wish to proceed. This paper outlines that methodology.

The 10% for Price was segmented to assess four key values:

Element	Sub Element	% Weighting
Pricing & Development Values	Robustness of Development Appraisal	3
	NPV Receipt	3
	Blended Priority Return (%)	2
	Overage Sum	2
	Total % Weighting	**10**

For ITT, bidders had had to submit narrative to support their stance in their Pricing document but had not been assessable due to the defined methodology; evaluators were unable to objectively determine if the claims in the Excel workbook stacked up effectively and we agreed with the basis of their assessed NPV. In BAFO, we brought the narrative into the assessment, allowing valuers and commercial experts to challenge the soundness of evidence on a 0-5 scale.

NPV was assessed with the bidder who was able to offer the highest NPV receiving the maximum 3% points. All other bidders received a pro rata proportion of the total points available. This value was verified alongside data from the bidders outlining the build-up of the scheme[1].The mathematics allowed for both positive and negative values to receive proportionate points in the calculation due to the current market instability and trends, avoiding the Council needing to reject a tender which in months’ time / by planning or other time could be a positive value.

Blended Priority Return was weighted at 2%. This value considers that bidders were offering a profit share as part of the Development Agreement, where revenue exceeded costs plus the required profit for their funders and themselves could be secured. For example, a bidder may require to achieve10% profit on site to make a sufficient return for their funders to back the site. If 11% profit was achieved, that 1% excess would be shared with the Council on a ratio determined by the bidder. Blended Priority Return looked at actual cost minus profit, aiming to control bidders being able to double count costs and not offer a profit share to the Council when one could be achieved. The bidder offering the lowest Blended Priority Return (i.e., sharing profit with the Council sooner) would score the highest points with others pro-rata.

[1] The F1 excel confirmed Appraisal Inputs (Revenue and Costs for the scheme), detailed S106 and CIL contributions anticipated, grant usage, affordable housing rental values in line with RBC policies, and cashflow.

Finally, overage sum was weighted at 2%. This value looks to assess the sum payable to the Council on completion of the development based on value generated on site. The bidder offering the highest overage received the maximum score, with other scores prorated.