

Title of Report	LBH Britannia Phase 2b Marketing & Branding Agent Contract Award	
Key Decision No	Key Decision No. FCR S114	
For Consideration By	Cabinet Procurement and Insourcing Committee	
Meeting Date	18 July 2022	
Cabinet Member	Mayor Philip Glanville	
Classification	Open with exempt appendices	
Ward(s) Affected	Hoxton East and Shoreditch	
Key Decision & Reason	Yes	Result in the Council incurring expenditure or savings which are significant having regard to the Council's budget for the service / function
Group Director	Ian Williams, Group Director for Finance and Corporate Resources	

1. CABINET MEMBER'S INTRODUCTION

- 1.1. In the absence of significant external funding and despite over a decade of government austerity, I'm proud that we're finding innovative ways to self-fund the high-quality new community facilities and genuinely affordable homes that Hackney desperately needs.
- 1.2. Through the Britannia project, we have already delivered a state-of-the-art, award winning new leisure centre and a brand new secondary school, and are now proceeding with plans for the 81 genuinely affordable new homes promised through the Britannia masterplan – the majority of these will be Council homes for social rent.
- 1.3. To help pay for these and the new facilities already benefiting Hackney residents, we must also build and sell some homes outright as part of our self-funding, direct-delivery model. Following the award of our sales agent appointment last month, appointing a marketing and branding agent will complete the sales and marketing team and deliver all the ambitions set out in the Britannia masterplan. It will ensure that within the framework set out in these reports that the Council continues to lead this project as the client.

- 1.4. I welcome the Hackney focused approach to sustainable procurement which the recommended bidder has offered, and look forward to them working with us to deliver our aspirations for the scheme. It is particularly positive to see such a focus on working with the local community as well as equalities and diversity.

2. GROUP DIRECTOR'S INTRODUCTION

- 2.1. With Phase 1 of the Britannia masterplan now operational, the project's focus turns to the delivering the 81 affordable homes, and the private for sale income which is fundamental to the financial business case for the masterplan and recovering the upfront capital investment in the new school and Britannia Leisure Centre (BLC).
- 2.2. Following on from the latest update to Cabinet on 14 March 2022, a Business Case to Hackney Procurement Board (HPB) on 12 April 2022 set out the next steps in relation to procuring sales and marketing expertise to support the next phase of the Britannia Masterplan project.
- 2.3. These services are critical to securing the forecast sales values which are contained within the financial business case, requiring agents who are industry leaders, and able to understand and tap into both an international and domestic sales market.
- 2.4. Following approval of that Business Case and completion of an Open tender via Find a Tender Service (FTS), this report recommends the Contract Award of the Marketing & Branding Agent services to Bidder 3.
- 2.5. This follows on from the Contract Award for Sales Agent services, approved by CPIC on 13 July, the stand still period of which has now expired and the confirmation of award issued. Both of these agents will work hand in hand to deliver a cohesive sales and marketing strategy.

3. RECOMMENDATION(S)

- 3.1. **Cabinet Procurement and Insourcing Committee is recommended to:**
- 3.2. **Award the contract for Marketing and Branding Agent services for Britannia Phase 2b to Bidder 3 in line with the fee set out in Exempt Appendix A - Tender Evaluation Detail, and**
- 3.3. **Enter into a Services Agreement and any other ancillary legal documentation necessary relating thereto with Bidder 3 for the Services under such terms as shall be agreed by the Director of Legal, Democratic and Electoral Services, and authorise the Director of Legal, Democratic and Electoral Services to prepare, agree, settle and sign**

the necessary legal documentation to effect the proposals contained in this report.

4. RELATED DECISIONS

- 4.1. LBH Britannia Update and Next Steps (FCR S039) - 14 March 2022.
- 4.2. Procurement of Sales Agent Services and Marketing And Branding Agent Services for LBH Britannia Phase 2b - HPB And Medium Risk Business Case - 12 April 2022.
- 4.3. LBH Britannia Phase 2b Sales Agent Procurement - CPIC Contract Award, FCR F113 - 13 June 2022.

5. REASONS FOR DECISION/OPTIONS APPRAISAL

- 5.1 This report outlines the process which has been followed to select a preferred bidder for the provision of Marketing and Branding services for LBH Britannia Phase 2b during the Strategy, Pre-Sales and Sales Phase of the project's delivery.
 - 5.1.1 This role will commence with a Fixed Price strategy phase. The Marketing and Branding Agent will co-author the Sales and Marketing Strategy in collaboration with the Sales Agent, and develop a naming and branding strategy. They will also provide input into the Sales Agent's Development Consultancy Services, where this influences or affects the naming, branding and marketing of the product. Key outputs will be:
 - Marketing and Brand Strategy
 - Masterplan Brand
 - Naming Convention, Block Convention and Release Strategy
 - Brand Guidelines Creation
 - 5.1.2 The engagement will then move into the Implementation Phase, in line with the agreed Implementation Plan and budget agreed during the Strategy Phase. This Implementation Phase will be split into the Pre-Sales Phase and the Sales Phase. A move to commence the Sales Phase of the project will be subject to Cabinet approval, as part of the Contract Award report for the selection of a Design and Build Contractor for the Phase 2b project. This is currently programmed for January 2023.
 - 5.1.3 The expedient instruction of the Marketing and Branding Agent is key to ensure that this Strategy and Pre-Sales work is completed in order to enable a Sales Launch at the earliest opportunity during the construction phase - this is of particular importance given the requirement to de-risk the development by way of off plan sales. The precise nature and timing of this launch will be subject to the agreed Sales & Marketing Strategy which is the first deliverable of this appointment.

- 5.1.4 As set out in the Business Case, the total value of the Marketing and Branding Agent services over the life of the contract is anticipated to be above the current threshold of £213,477 (including VAT) under Regulation 5 of the Public Contracts Regulations 2015. Therefore it was necessary to publish a Find A Tender notice in respect of the procurement of the services. This was undertaken using the Open Procedure pursuant to Regulation 27 of the Public Contracts Regulations 2015.
- 5.1.5 As part of the Quality bid (10% of the maximum available 60% allocated to the Quality response), bidders were required to commit to specific outcomes in response to Hackney's Sustainable Procurement Strategy. The response and commitments of the recommended bidder are set out in paragraphs 7.1 to 7.3 to this report.
- 5.1.6 As clarified during the bid, the fees proposed for Phase 1 - Strategy, are fixed, based on the supplier's response to the specification, and based on their experience of delivering marketing and branding strategy outputs for projects of a similar scale, price point, and context to Britannia Phase 2b. To enable flexibility in the commercial models of each bidder, and to pre-empt any additional services which may be called off in the future, each bidder was also asked to submit a schedule of rates.
- 5.1.7 As the final fee for the engagement will be subject to the agreed Sales and Marketing Strategy, the award of contract is on the basis of a Fixed Price for Stage 1 - Strategy, an indicative budget for Stage 2 - Pre Sales and Stage 3 - Sales, and an agreed Schedule of Rates. An analysis of this by bidder is set out at Exempt Appendix A - Tender Evaluation Summary.

5.2 ALTERNATIVE OPTIONS (CONSIDERED AND REJECTED)

- 5.2.1 The services of a Marketing and Branding Agent are required in order to deliver the outcomes of the Britannia Masterplan. As such a 'Do Nothing' option is not a viable option. The tender process provided a transparent and clear outcome, with the winning bidder scoring 76.49% of the total marks available. As such, there is no reason why the services should not progress to be awarded in line with this outcome.

6. PROJECT PROGRESS

- 6.1. **Developments since the Business Case approval.** None.
- 6.2. **Whole Life Costing/Budgets:** The contract fee for the Marketing and Branding Agent is within the Phase 2b cost budget which was reported to Cabinet on 14 March 2022 and HPB on 12 April 2022. This is set out in Exempt Appendix B - Financial Implications. The final fee for Stage 2 - Pre Sales and Stage 3 - Sales, will be dependent on the final Sales and

Marketing Strategy which is agreed during Stage 1 - Strategy, and may vary from the estimates provided.

- 6.3. **SAVINGS:** No cashable savings will be generated as the revenue stream is Capital Expenditure, with no repeatable revenue expenditure. Best value for money has been evidenced through the competitive tender processes.

7. SUSTAINABILITY ISSUES

- 7.1. **Procuring Green.** Each bidder set out their corporate commitment to 'going' Green and how this would specifically apply to their delivery of the Britannia engagement. The recommended bidder:

7.1.1. Set out a 'let's think digital first' approach to the marketing and delivery strategy to avoid unnecessary printing and waste. To build this into the marketing story and make this part of the wider sustainability message for the development. Underpinning Hackney's Sustainable Procurement Strategy, e.g.

- Utilising digital tools including websites and apps to showcase the marketing messaging
- Where printing is required, utilising recycled, environmentally friendly materials and smaller print runs
- The use of film to convey an area or design, which is able to be edited in house, thus being used for different purposes and making budgets stretch further

7.1.2. Confirmed a commitment to 'minimise carbon footprint' not just corporately, but through the engagement, by keeping print wastage to a minimum, travelling by foot or public transport to meetings, and encouraging virtual meetings.

7.1.3. Proposed a marketing approach based on 'giving back to the environment', e.g. through living wall hoarding, offering natural habitats to wildlife etc.

7.1.4. Advocated 'shouting about' the Sustainable Procurement Strategy and how it is being delivered on Britannia through the suppliers, and other green initiatives, e.g. sponsor a tree, staff volunteering for borough clean ups, engagement of team to feed into sustainability brainstorming, to organise volunteering.

- 7.2. **Procuring for a Better Society.** Each bidder set out their corporate commitment to being a good corporate citizen and how this would specifically apply to their delivery of the Britannia engagement.

7.2.1. The recommended bidder committed to:

- Approach local, smaller to medium size suppliers and businesses to mini tender
- Forge local partnerships, e.g. Sustainable Hackney
- Work with local schools, e.g. City of London Academy Shoreditch Park (CoLASP) to support career fairs, brainstorming sessions and workshops.
- Invest in the future by facilitating Apprenticeships, work experience, job coaching and work placement
- Develop a community involvement strategy, focusing on local residents, businesses and education centres

7.3. **Procuring Fair Delivery.** Each bidder set out their corporate commitment to Fair Delivery and how this would specifically apply to their delivery of the Britannia engagement.

7.3.1. The recommended bidder distinguishes itself by being the only agency to publicly set ethnic representation targets. They have a 3-stage Equality Diversity and Inclusion (EDI) strategy, with Stage 1 complete (formation of staff-led groups, an annual survey, and publication of ethnic diversity data), and Stage 2 due to complete in 2022 (ethnic and gender pay gaps and LGBT+, Socio Economic and Disability Pledges). Their 2023 Race Equality Pledge target is 25% in the UK and 30% in London.

7.3.2. The recommended bidder is also on track to become a certified B Corporation¹ this year, having completed the B Impact Assessment with a qualifying score. This will mean that as a business balancing purpose and profit, they will be legally required to consider impact on workers, customers, suppliers, community and environment.

7.3.3. The Council's template Services Agreement for the Marketing and Branding Agent ensure that the following provisions are appropriately included in order to meet the Council's requirements:

- Bribery, Corruption and Gratuities
- Modern Slavery and Human trafficking
- London Living Wage for direct and indirect employees

¹ B Corp Certification is a designation that a business is meeting high standards of verified performance, accountability, and transparency on factors from employee benefits and charitable giving to supply chain practices and input materials.

7.4. **Equality Impact Assessment and Equality Issues:** No specific issues were identified.

8. ALTERNATIVE OPTIONS (CONSIDERED AND REJECTED).

8.1. The Business Case presented the Alternate Options which were considered to procure the services required for the project. This included:

- Option 1. The use of Hackney Sales - in house sales and marketing services.
- Option 2. Procurement via a Framework Agreement.
- Option 3. Procurement via a PCR (FTS) Open / Restricted Procedure tender process.

8.2. In the case of the Marketing and Branding Agent services, Option 3 was recommended and approved.

8.3. The Britannia project team has considered the use of Hackney Sales for the private for sale homes as well as the Shared Ownership homes. Hackney Sales is not currently set up to take on the risk profile associated with the quantum, absorption rates, and international sales and marketing strategy which would be required for Phase 2b (314 homes). In particular, this would present a risk profile which the team is not resourced to support, nor would they have the existing reputation and brand within the private for sale international and domestic markets to meet the basecase financial targets.

8.4. A PCR (FTS) procurement was chosen due to there not being an obvious framework which would be able to provide the marketing and branding services (which are quite specific within the property sector), and in order to enable as many relevant (and local) suppliers to consider whether they could meet the requirements of the tender. Given the response to the tender, this route has been deemed to be successful.

9. TENDER EVALUATION

9.1. Sixty two potential suppliers expressed an interest in the opportunity, with seven submitting a bid. Bidders were required to complete a Selection Questionnaire (SQ), which was scored on a pass/fail basis. In particular, this SQ contained three project specific questions, assessing the bidder's relevant experience of delivering marketing and branding services for a contract of the scale, price point, and context of Britannia Phase 2b. These projects were scored on a scale of 0 (wholly unsatisfactory) to 5 (Excellent), with any bidder scoring a 2 or below on any of the questions failing the SQ stage. Two bidders failed to pass the SQ stage, with five being taken forward to have their Invitation to Tender responses scored.

9.1.1. ITT Evaluation Criteria. The ITT bids were scored on a 60% quality to 40% cost basis. Quality bids were scored on a scale

of 0 (wholly unsatisfactory) to 5 (Excellent), in line with a scoring mechanism set out in the ITT.

9.1.2. The Quality Questions were grouped under the following headings, and weightings applied accordingly:

Question Nr	Question Heading	Weighting (%)
1	Approach and Methodology	30
2	Resources	20
3	Sustainable Procurement Strategy Outcomes	10
Total Quality Score		60

9.1.3. Bidders were asked to provide the following Cost information:

- Fixed Price for Stage 1 - Strategy
- An indicative budget price for Stage 2 - Pre Sales and Stage 3 - Sales
- A Schedule of Rates applicable to all Phases

9.1.4. Stage 1 to 3 Fees - the pricing for each phase was added together to form 35% of the total 40% awarded for Cost.

9.1.5. Schedule of Rates - a blank schedule of rates was provided to bidders for them to complete. The total of one day of each resource at all grades was then totalled, to give a Schedule of Rates score. This accounted for the remaining 5% marks awarded to the 40% Cost submission.

9.1.6. Evaluation Team. The evaluation team scored the bids on the following basis:

Role	Evaluation Areas
Phase 2b Project Director	All SQ and ITT
Development Project Manager & Residential Lead	Project Specific SQ and Quality
Head of Sales & Marketing, Regeneration and Capital Delivery	Project Specific SQ and Quality

Britannia PMO	All SQ, Cost and Quality (A3)
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9.1.7. Evaluation Scoring. The scoring for the bid was carried out on an individual basis, and then a unanimous score was agreed at a moderation meeting held on the 17 June, attended by the procurement category lead. Moderated scores were only agreed between evaluators who were scoring a particular question, and not across all evaluation team members. The top two scoring Bidders were then invited to a clarificatory interview on 20 June, following which the moderated scores were finalised.

9.1.8. The following (moderated) Quality and checked Cost scores were confirmed and ranked. In the table below, green highlighted cells pull out the top scoring bid(s) for cost and quality.

Bidder	SQ Pass/Fail	Total ITT Quality Score	Total Cost Score	Total Score	Rank
Bidder 1	Fail				
Bidder 2	Pass	22.00	38.15	60.15	4
Bidder 3	Pass	60.00	16.49	76.49	1
Bidder 4	Pass	30.00	33.25	63.25	3
Bidder 5	Pass	36.00	31.34	67.34	2
Bidder 6	Pass	50.00	9.75	59.75	5
Bidder 7	Fail				

9.2. **Recommendation:** Following this outcome, it is recommended to award the contract to Bidder 3, who came top on the Quality response and fourth on the Cost scoring. Further details are available at Exempt Appendix A - Tender Evaluation Summary.

10. CONTRACT MANAGEMENT ARRANGEMENTS

10.1. **Resources and Project Management (Roles and Responsibilities):** The Britannia Phase 2b project is led and project managed under the same governance arrangements and contracts which were put in place to support the development of the masterplan in 2017 and have progressed the design aspects of the Phase 2b residential project since Stage 0. This team is procured via Consultancy Agreements which are in place through the Local Education Partnership (LEP), which continue to ensure continuity of resource, and agreed call off rates and scope of services.

10.1.1. The Project Director is responsible to the Senior Responsible Officer (SRO), Group Director Finance & Corporate Resources,

and the Britannia Board for the delivery of the project, supported during the procurement and delivery phase of the project by the following core team:

- Development Project Managers - London Home Quarters
- PMO Officer - LBH
- Procurement Category Lead and Coordinator - LBH

10.1.2. This core team is supported by the design team, who will engage with the sales and marketing team in relation to the final specification of the residential buildings prior to design responsibility being handed over to the Design & Build contractor at award of contract (estimated January 2023). Key design team members include:

- Masterplan and Residential Architects - FCB Studios
- Multi-Disciplinary Engineers - Buro Happold
- Construction Advisors - Blue Sky Building

10.1.3. The Phase 2b project management team act as developer, and engage with Regeneration and Housing Services colleagues (who act in the role of client) for the affordable housing aspects of the delivery. This coordinated approach is carried out for all aspects of the project and whilst the Sales and Marketing Strategy of the Shared Ownership properties will be managed by Hackney Sales, and has different drivers to the private sales strategy, there will be the need to jointly consider the development of these strategies so that they appropriately read together. As such the project team will engage with Regeneration and Housing Services colleagues to develop a coordinated position that can be presented and recommended to the Board.

10.1.4. In order to ensure best practice in project delivery across the Council, and lessons learned between housing delivery teams, the Project Director will have fortnightly 221s with both the SRO and Strategic Director, Inclusive Economy, Regeneration and New Homes.

10.2. **Key Performance Indicators:** The Key Performance Indicators for the project will be delivery of the required outcomes at each Phase of the project. This is set out in headline as follows:

Main KPI Targets Set	Monitoring
1. In the Strategy Phase , the overarching outcome is to:	Fortnightly (initially), leading into weekly review meetings

Main KPI Targets Set	Monitoring
<p>Deliver:</p> <ul style="list-style-type: none"> - A Marketing and Brand Strategy - A Masterplan Brand - A Naming convention, block convention and release strategy - Brand Guidelines - Contribute to the successful approval of the Sales and Marketing Strategy by the Senior Responsible Officer (SRO) and Britannia Project Development Board 	<p>at project team level, feeding into routine Britannia Monitoring, i.e. monthly Steering Group and bi-monthly Board.</p>
<p>2. In the Pre-Sales Phase, the overarching outcome is to:</p> <ul style="list-style-type: none"> - Prepare the project in line with the Implementation Plan agreed as part of the Sales and Marketing Strategy - Ensure the project is in a position to launch successfully in readiness to deliver the targets set out in the Sales and Marketing Strategy 	
<p>3. In the Sales Phase, the overarching outcome is to:</p> <ul style="list-style-type: none"> - Execute the Marketing and Brand Strategy to support the delivery of the Sales and Marketing Strategy - Adapt the Marketing Strategy as required during the Sales Phase to ensure the delivery of capital receipts in line with, or in excess of, the financial business case 	<p>Go / No Go - via Cabinet</p> <p>Weekly sales reports/review meetings at project team level, feeding into routine Britannia Monitoring</p>
<p>4. All Phases - Performance against instructed budgets and agreed Schedule of Rates</p>	<p>Monthly project Principals contract monitoring review meeting.</p>
<p>5. All Phases - Adherence and delivery of sustainable procurement commitments</p> <ul style="list-style-type: none"> - Development and delivery of a Social 	<p>Monthly project Principals contract monitoring review meeting.</p>

Main KPI Targets Set	Monitoring
Value Plan	

11. COMMENTS OF THE GROUP DIRECTOR OF FINANCE AND CORPORATE RESOURCES

- 11.1. The fees for the Marketing and Branding Agent set out in this report fall under the overall masterplan budget for Phase 2b. These budget assumptions were set out in the paper to the 14 March 2022 Cabinet and within the Business Case presented to Hackney Procurement Board.
- 11.2. From a budget perspective, the Britannia Phase 2b cost plan includes an allowance for up front sales and marketing collateral - in addition to a percentage allowance being applied to the gross sales values to cover sales commission, marketing and legal transaction costs.
- 11.3. The estimated Marketing and Branding Agent costs of the recommended bidder are within this budget estimate. It should be noted that:
- Stage 1 - Strategy costs are Fixed Price
 - Stage 2 - Pre Sales and Stage 3 Sales are indicative budgets pending the development and agreement of the Sales and Marketing Strategy in conjunction with the Sales Agent and LBH.
- 11.4. Should the actual cost of the Marketing and Branding Agent services and collateral be in excess of the allocated cost plan budget following agreement of the Sales and Marketing Strategy during the Strategy Phase, then the additional allowance for marketing contained within the gross 3.5% sales commission contained within the Stage 3 financial model could also be used.
- 11.5. A full update of the forecast sales and marketing cashflow will be included within the recommendation paper presented to Cabinet for the award of the design and build contract which is forecast for January 2023.
- 11.6. The Total Estimated Fee submitted by Bidder 3 scored fourth lowest out of five (scoring 16.49% out of a maximum of 40% available) and is within the budget allowance which is included within the Britannia masterplan financial model. A breakdown of the cost bid is included at Exempt Appendix A - Tender Evaluation Detail. The recommended Bidder's Total Estimated Fee is then compared to the project budget in Exempt Appendix B - Financial Implications.
- 11.7. As the Council is acting as developer, one of the main financial risks to the delivery of the Britannia masterplan project is the risk of poor sales. The appointment of our Marketing and Branding Agent for the delivery phase of the project is thus a key appointment. The weighting of the evaluation on a 60% quality and 40% cost is appropriate, and whilst only the first Phase of

the engagement (Strategy) is fixed, the ultimate success of the engagement will be to help the Council mitigate sales risk and optimise sales receipts to the Council.

12. VAT Implications on Land & Property Transactions

- 12.1. The disposal of the private for sale units is zero-rated for VAT purposes.

13. COMMENTS OF THE DIRECTOR, LEGAL, DEMOCRATIC & ELECTORAL SERVICES

- 13.1. On 12th April 2022 Hackney Procurement Board agreed a Business Case in respect of the procurement of Marketing and Branding Agent Services for LBH Britannia Phase 2b. Under such Report it was agreed the award of contract recommendation for such procurement be brought back to Cabinet Procurement and Insourcing Committee (CPIC) for approval. Therefore this Contract Award Report is being presented to Cabinet Procurement and Insourcing Committee for approval.
- 13.2. Details of the procurement process undertaken by officers are set out in this report. .

14. COMMENTS OF THE PROCUREMENT CATEGORY LEAD

- 14.1. This report provides the Cabinet Procurement and Insourcing Committee with the outcome of the procurement exercise undertaken to secure a Marketing and Branding Agent to sell the private for sale homes on Phase 2b of the Britannia development. Officers have deployed a selection approach which has ensured that the successful supplier will not only effectively deliver the core services, but will also work with the Council to deliver wider community benefits for the people of Hackney.
- 14.2. The proposed award is supported on the basis that the recommended Bidder has submitted the most economically advantageous tender services. As detailed in the report, Bidder 3 has also demonstrated a clear understanding of Council's commitment to the delivery of sustainability and social value outcomes, and submitted a proposal which meets the Council's expectations in this regard.

APPENDICES

EXEMPT

Exempt Appendix A - Tender Evaluation Summary
Exempt Appendix B - Financial Implications

By Virtue of Paragraph(s) 3 Part 1 of schedule 12A of the Local Government Act 1972 this report and/or appendix is exempt because it contains Information relating to the financial or business affairs of any particular person (including the authority holding the information) and it is considered that the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

BACKGROUND PAPERS

In accordance with The Local Authorities (Executive Arrangements) (Meetings and Access to Information) England Regulations 2012 publication of Background Papers used in the preparation of reports is required

Description of document (or None) None

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