

	<p><b>Asset Regeneration &amp; Growth Committee</b></p> <p><b>15 December 2014</b></p>
<p style="text-align: right;"><b>Title</b></p>	<p><b>Brent Cross Cricklewood – Contract Extensions</b></p>
<p style="text-align: right;"><b>Report of</b></p>	<p>Cath Shaw, Enterprise and Regeneration Lead Commissioner</p>
<p style="text-align: right;"><b>Wards</b></p>	<p>Childs Hill, Golders Green and West Hendon</p>
<p style="text-align: right;"><b>Status</b></p>	<p>Public</p>
<p style="text-align: right;"><b>Enclosures</b></p>	<p>None</p>
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<p><b>Summary</b></p>
<p>This report seeks authority to extend the contracts of the external advisors for the Brent Cross Cricklewood Regeneration project, in respect of the Brent Cross North Development, Brent Cross South Development and the Thameslink Station.</p> <p>The report also seeks approval to delegate authority to the appropriate Chief Officers to deal with the necessary contractual issues or arrangements.</p>

<p><b>Recommendations</b></p>
<p><b>1. That the Committee approve extending the contracts of PEP, GVA Grimley, and AECOM as external advisors on the Brent Cross Cricklewood Regeneration Scheme.</b></p>

**1. WHY THIS REPORT IS NEEDED**

1.1 The report seeks authority to allow the extension of contracts to cover community engagement, strategic property and specialist advice on the Brent Cross Regeneration Scheme. In April 2013, Cabinet Resources Committee approved the regularisation and continuation of Priority Estates Project (PEP),

GVA Grimley and AECOM's contracts. However, further approval is now sought to extend the PEP, GVA Grimley and AECOM contracts.

## **2. REASONS FOR RECOMMENDATIONS**

### GVA Grimley

- 2.1 GVA Grimley were appointed in November 2012 to explore potential funding strategies to bring forward the critical infrastructure within the regeneration site boundary. This included exploring funding strategies for the Thameslink Station.
- 2.2 At present, Council Officers are developing a Business Case for the Thameslink Station and GVA Grimley are providing specialist advice on this area. In order to provide continuity of service, Council Officers will need to extend this contract for one year.

### AECOM

- 2.3 AECOM were appointed in May 2013, and they are providing specialist advice on planning, environmental and transport matters relating to the Brent Cross Scheme.
- 2.4 AECOM is currently providing advice on the Reserved Matters Application for Phase 1A North, which is due to be submitted by the Development partners later this year. However, council officers will need to extend this contract by six months, to ensure continuity of advice on planning matters.

### Priority Estates Project (PEP)

- 2.5 Priority Estates Project (PEP) were appointed in June 2011, and they are providing a Resident Independent Advisors Service (RIA) on the Whitefield Estate. This service provides impartial independent advice and support to all residents including council tenants, leaseholders and freeholders on the Whitefield Estate. Officers are seeking authority to extend this contract by six years, to ensure that residents in Phase 1B South (Nordon Point, Clare Point, Whychote Point) receive continued support and advice.
- 2.6 At present, the Council is undertaking a procurement process to select its preferred developer to bring forward Phase 1B South, and this process will conclude in spring 2015. Construction work is not likely to start before 2017, therefore, as a result, Council officers will need to extend PEP's contract for six years. This will ensure continuity of this service.

## **3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED**

- 3.1 If the Council decides not to approve extending these contracts, then officers will be faced with undertaking a new procurement process for these services. This approach will delay the implementation the relocation strategy for residents on the Whitefield Estate. Officers are also working to complete the Business Case for the Thameslink Station against a tight timescale, and the Council needs continued access to this specialist advice.
- 3.2 Therefore, it is not recommended to undertake a new procurement process for these areas of work , as this approach will lead to a delay in delivering several key elements of the programme.

#### **4. POST DECISION IMPLEMENTATION**

- 4.1 Once the decision has been approved officers will prepare the relevant documentation in consultation with HB Public Law to enable the contracts to be extended.

#### **5. IMPLICATIONS OF DECISION**

##### **5.1 Corporate Priorities and Performance**

- 5.1.1 The regeneration of Brent Cross Cricklewood supports the Corporate Plan 2013-2016 priority '*To maintain the right environment for a strong diverse local economy*', and the strategic objective under this priority to sustain Barnet by '*promoting growth, development and success across the borough*'.
- 5.1.2 The Growth Strategy for Barnet recognised that regeneration and growth are vital for ensuring the future prosperity of the Borough and maintaining Barnet as a successful London suburb. The scheme to transform Brent Cross Cricklewood will play a major role in delivering this prosperity, doubling the size of the shopping centre and linking seamlessly to a new town centre for Barnet and North London across the North Circular Road. Brent Cross Cricklewood is one of Barnet's priority regeneration areas, and will provide approximately 7,500 new homes over the next 20 years. It is a key part of the wider revitalisation of the A5 corridor, linking Brent Cross Cricklewood with developments at West Hendon, Colindale and Edgware and improvements to Cricklewood Town Centre, to create a series of high quality modern suburbs.
- 5.1.3 The first phase of the Brent Cross Cricklewood project includes the redevelopment of the shopping centre, creation of major new infrastructure, improved links to the existing tube station, and delivery of around 2,461 new homes over the next 8-10 years. This will create an estimated 3,000 construction jobs, and 4,000 permanent jobs. The Thameslink Station is important to the success of the regeneration scheme in both place-making as well as viability terms. However, at present the scheme does not benefit from the delivery of the station until the later phases. Bringing the station forward in the delivery programme will increase the attractiveness of Brent Cross Cricklewood area as a place to live, shop and work and thereby improve the viability of Brent Cross Cricklewood South and will also increase the pace of delivery of new homes.

## 5.2 Resources (Finance & Value for Money, Procurement, Staffing, IT, Property, Sustainability)

### Finance

5.2.1 The Council has the following consultant team in place to advise the Council on the Brent Cross Cricklewood Scheme. Asset Regeneration and Growth Committee is asked to re-confirm the continued appointment of the external advisors for this project and that the Strategic Director for Growth and Environment or the appropriate Chief Officers should deal with any necessary contractual issues or arrangements in consultation with HB Public Law.

<b>Contract Name</b>	<b>Area of Expertise</b>	<b>Date Appointed</b>	<b>Expenditure to November 2014</b> <b>£000s</b>
GVA Grimley	Strategic Property Advice / Specialist Support – Thameslink Station	Nov 2012 (DPR 1830)	£424
AECOM	Planning & Environmental Advice	May 2013 (DPR) Approved appointment	£109
Priority Estates Project (PEP)	Resident Independent Advisor (RIA) for the Whitefield Estate	May 2011 (DPR 1317)	£80

5.2.2 These contracts were subject to a competitive process and continue to represent the best available option for the Council.

5.2.3 Under the terms of the Collaboration Agreement signed by the Council and the Development Partners, Hammerson/Cricklewood Regeneration Limited and Standard Life are obliged to pay the Council's consultants costs in connection with this project. The Principal Development Agreement is due to be exchanged within a matter of weeks, and provision has also been made for the Council to recover its costs.

5.2.4 The costs associated with the further work required to progress the project in 2014/15 are estimated to be approximately £1.3m and will be recovered from the Development Partners. The Development Partners have confirmed that these costs are included in their approved budget. If the costs through

monthly cost monitoring are likely to exceed this provision, then officers will renegotiate additional costs with the Development Partners.

### Procurement

5.2.5 Contract Procedure Rules, paragraph 14.2 confirms the value referred to in Appendix 1 Table A headed 'Variation or Extension Acceptance' is the total value of the original contract value plus the addition of the value of any extensions and/or variations i.e. the total value of the contract. Contract Procedure Rules, Section 17 (Table A) sets out acceptance thresholds for contract extensions and variations. As the value of GVA Grimley's contract exceeds £172,514 and PEP's contract value is likely to exceed this amount in 3 year's' time, and both contracts are within the budget for the scheme, approval is sought from the Asset Regeneration and Growth Committee, and this is included in the recommendation on this report.

5.2.6 In respect of PEP, this contract will be extended for six years and the estimate fee for the first three years is £90,000, with further fee estimates to be agreed in due course. PEP's original contract value was £67,500.00. All costs are recovered from the Development Partners.

5.2.7 With regards to GVA Grimley, the report seeks authority to allow this contract to continue for one year with a possible extension (if required). Their fees are estimated to be in the region of £60,000 for this period.

5.2.8 In relation to AECOM, the Contract Procedure Rules, Section 14.3 state that:

Contracts may only be extended or varied if all of the following conditions have been met:

- the initial contract was based on a Contract Procedure Rules compliant competitive tender or quotation process;
- the value of the extension or variation added to the value of the original contract does not exceed the original Authorisation threshold as defined in Appendix 1, Table A;
- the extension or variation has an approved budget allocation;
- the extension or variation is in accordance with the terms and conditions of the existing contract;
- if the initial contract was subject to EU tender procedure, that the extension option was declared within the OJEU notice and the original acceptance (Delegated Powers Report/relevant Committee Report); and the contract has not been extended before.

5.2.9 All of the conditions are met for the proposed continuation these contracts. The reports also seek authority to extend AECOM's contract for six months and their fees are estimated to be in the region of £50,000 for this period.

## **5.3 Legal and Constitutional References**

5.3.1 The original procurement exercise for the appointment of the Consultants mentioned in paragraph 5.2 of this report was carried out in accordance with

the Council's Contract Procedure Rules and European Union public procurement rules.

5.3.2 HB Public Law will be instructed to draft and/or approve the contract extensions and/or variations.

5.3.3 Council Constitution, Responsibility for Functions, Annex A sets out the terms of reference of the Assets, Regeneration, and Growth Committee including 'Authorise procurement activity within the remit of the committee and any acceptance of variations or extensions if within budget in accordance with the responsibilities and thresholds set out in the contract Procedure Rules'

## **5.4 Risk Management**

5.4.1 It is not considered that the issues involved are likely to raise significant levels of public concern or give rise to policy considerations as this decision relates to the re-confirmation of existing contracts, within the contractual terms, following a robust procurement process.

5.4.2 However If these contacts are not extended, there is a risk that Council will be without specialist advice and support on particular elements of the programme. This risk is being managed through extension of these contracts.

5.4.3 The specific risks that would follow from not continuing with these appointments is that the delivery of the Brent Cross scheme would be delayed or severely compromised, giving rise to both financial and reputational damage to the Council, and that consistent advice to residents on the proposed Compulsory Purchase process, and expert advice on the commercial and planning documents would be disrupted, with a risk that commercial damage could occur and open the Council up to the risk of both financial and contractual claims.

## **5.5 Equalities and Diversity**

5.5.1 It is not envisaged that the re-confirmation of these contracts will result in a detrimental effect on any resident(s) with 'protected characteristics', over and above the effect on those without 'protected characteristics', due to the universal nature of the service being provided. The council understands that it has an obligation to meet its public sector equalities duty under the Equality Act 2010 including where public functions are delivered on its behalf by other organisations. The council will do everything necessary to ensure that there is continuing compliance with this duty in relation to the external advisors for the Brent Cross Cricklewood Regeneration project and for the purposes of this paper, in respect of the Brent Cross North Development, Brent Cross South Development and the Thameslink Station.

## **5.6 Consultation and Engagement**

5.6.1 It is not considered that this issue will require consultation with service users, as these decisions relates to the extension of existing contracts, within the

contractual terms, following a robust procurement process.

## **6. BACKGROUND PAPERS**

- 6.1 Cabinet, 29 March 2005 (Decision Item 6) – agreed to enter into a Collaboration Agreement with the development partnership (Cricklewood Regeneration Limited, Hammerson and Standard Life).  
<http://barnet.moderngov.co.uk/Data/Cabinet/200503291900/Agenda/Document%204.pdf>
- 6.2 Cabinet, 5 December 2005 (Decision Item 7) – approved, amongst other matters, that 1) the Eastern Lands Addendum be adopted as Supplementary Planning Guidance; and 2) the Eastern Lands Supplementary Guidance is incorporated into the Cricklewood, Brent Cross and West Hendon Development Framework.  
  
<http://barnet.moderngov.co.uk/Data/Cabinet/200512051900/Agenda/Document%204.pdf>
- 6.3 Delegated Powers Report No 1830, November 2012, Leader and Cabinet Member for Regeneration approved appointment GVA Grimley, provide strategic property and financial advice in relation to the Brent Cross Cricklewood project.
- 6.4 Cabinet Resources Committee, 18 April 2013 (Decision Item 14) - noted that the Brent Cross Cricklewood Development Partners wished to modify the existing planning consent to allow re-phasing; approved that the Director for Place begin preparations to enable the Council to procure a development partner to deliver the regeneration of the southern parts of Brent Cross Cricklewood Regeneration Area and confirmed the continued appointment of the external advisors for the Brent Cross Cricklewood Regeneration project, and the procurement of appropriate additional advice, and to delegate authority to the Director for Place to deal with necessary contractual issues or arrangements.  
<http://barnet.moderngov.co.uk/mgConvert2PDF.aspx?ID=8369&ISATT=1#search=%22Brent%20Cross%20%22>
- 6.5 Delegated Powers Report, 17 May 2013, approved the appointment of AECOM to provide planning, environmental and transport expertise in relation to the re-phasing of the Cricklewood Brent Cross (CBX) Regeneration Scheme
- 6.6 Cabinet Resources Committee, 16 January 2014 (Decision Item 6) - approved the changes to the terms of the Brent Cross Principal Development Agreement (as considered and approved by CRC in October 2010) and the terms for the Co-operation Agreement as set out in Section 9 of this report; authorised the Chief Executive in consultation with the Leader of the Council to agree the detail of the Brent Cross Principal Development Agreement and Co-operation Agreement; approved commencement of market testing through the issue of a Prior Information Notice to inform the delivery strategy for the

Brent Cross Cricklewood South area; and approve that the Council enter into negotiations with landowners to acquire land required in advance of any Compulsory Purchase Order, subject to approval of the bid for capital funding by Cabinet on 25 February 2014; and approved that the Council continue the design and development work to develop the business case and funding strategy for delivery of the Thameslink Station, subject to approval of the capital funding bid by Cabinet on 25 February 2014; and delegate authority to the Strategic Director for Growth and Environment to procure the necessary advice and consultants to progress the Brent Cross project workstreams and deal with the related contractual issues and arrangements.  
<http://barnet.moderngov.co.uk/mgConvert2PDF.aspx?ID=12505&ISATT=1#search=%22Brent%20Cross%20%22>

- 6.9 Assets, Regeneration & Growth Committee, 8 September 2014 (Decision Item 10) – approved the appropriate Chief Officers be authorised to negotiate and enter into agreements to acquire by private treaty the land and interests and; to approve and enter into agreements and undertakings with the owners and/or occupiers of the land in the said areas so as to facilitate its acquisition.

<http://barnet.moderngov.co.uk/documents/s17302/Brent%20Cross%20Cricklewood%20-%20Report.pdf>