

	<p>ACTION TAKEN UNDER DELEGATED POWERS BY OFFICER 3 May 2016</p>
<p>Title</p>	<p>Brent Cross Cricklewood – GVA Grimley Ltd Contract Variation</p>
<p>Report of</p>	<p>Commissioning Director, Growth & Development</p>
<p>Wards</p>	<p>Childs Hill, Golders Green and West Hendon</p>
<p>Status</p>	<p>Public</p>
<p>Enclosures</p>	<p>None</p>
<p>Officer Contact Details</p>	<p>Jessica Jones, Project Support Officer Email: Jessica.jones@barnet.gov.uk Tel: 0208 359 7813</p> <p>Angela Latty, Senior Regeneration Officer Email: angela.latty@barnet.gov.uk Tel: 0208 359 7188</p>

<p>Summary</p>
<p>In September 2012, GVA Grimley was appointed as external advisors on the Brent Cross Cricklewood Scheme, in respect of the Brent Cross North Development, Brent Cross South Development and the Thameslink station.</p> <p>This report seeks authority to vary the contract of GVA Grimley. This is a value variation to enable payments on all outstanding costs until the end of June 2016. Furthermore, officers will be preparing a report for the next Policy and Resources Committee to seek approval on future spend against this contract.</p> <p>This report also notes that there is a trading name update for GVA Grimley who now trades as Bilfinger GVA (formerly GVA Grimley).</p>

<p>Decisions</p>
<p>1. To approve a variation under Contract Procedure Rules 14.1 (b) “A change of contractor cannot be realistically made for economic or technical reasons and would cause significant inconvenience or substantial duplication of the Council’s costs” This authorisation is requested to enable payment of</p>

outstanding costs concurred to the end of June 2016.

- 2. To authorise the update of contract as external advisors on the Brent Cross Cricklewood Scheme between the Council and GVA Grimley to reflect the new trading name Bilfinger GVA (formerly GVA Grimley).**

1. WHY THIS REPORT IS NEEDED

- 1.1 The report seeks authority to allow the extension of value of the Bilfinger GVA (GVA) contract to cover specialist strategic property advice on the Brent Cross Cricklewood Regeneration Scheme. In December 2014, the Committee approved the regularisation and continuation of GVA's contract, however further approval is now sought to vary the contract.

2. REASONS FOR DECISIONS

- 2.1 In November 2012, GVA were appointed to provide strategic property and financial advice to Council on matters relating to Brent Cross Cricklewood North, Brent Cross Cricklewood South and on Thameslink Station. This included undertaking scheme reviews, due diligence and phase reviews, and soft market testing for the procurement of the Developer for the Brent Cross Cricklewood South scheme. GVA also explored a number of 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 In April 2013, Cabinet Resources Committee confirmed the continued appointment of the GVA on the scheme. The Council requires Bilfinger GVA (formerly GVA Grimley) to provide continuous advice on Brent Cross Cricklewood North and their expertise is also required on Brent Cross Cricklewood South. This is particularly in relation to Phase 1 and Phase 2 of the scheme. Further advice might also be required on the Thameslink Station Project.
- 2.3 The contract was subject to a competitive process and continues to represent the best available option for the Council.

2.4 ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

- 2.5 There are no suitable alternative options. GVA were the most economically advantageous tender and they were appointed to the scheme on this basis.
- 2.6 GVA are operating within the existing terms and conditions and if the value is not varied, the Council will be unable to pay the outstanding fees and any

future costs. This will impact on its ability to continue to use GVA and achieve the continuation of service delivery that the Brent Cross projects require.

- 2.7 Therefore, it is not recommended to undertake a new procurement process for this area of work, as this approach will lead to a delay in delivering several key elements of the programme.

3. POST DECISION IMPLEMENTATION

- 3.1 Once the decision has been approved the appropriate officers will go through the necessary internal processes to increase the contract value.

- 3.2 Officers will be preparing a report for the next Policy and Resources Committee to seek approval on the use of Bilfinger GVA on the Brent Cross Cricklewood Scheme.

4. IMPLICATIONS OF DECISION

4.1 Corporate Priorities and Performance

- 4.1.1 The regeneration of Brent Cross Cricklewood supports the Council's Corporate Plan 2015-20 which states that the council will work with local, regional and national partners to strive to ensure that Barnet is a place:

- of opportunity, where people can further their quality of life
- where people are helped to help themselves, recognising that prevention is better than cure
- where responsibility is shared, fairly
- where services are delivered efficiently to get value for money for the taxpayer

- 4.1.2 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.

- #### **4.2 Resources (Finance & Value for Money, Procurement, Staffing, IT, Property, Sustainability)**

4.2.1 **Finance**

4.2.2 From the period from November 2012 to date, the expenditure for Bilfinger GVA is £441,868.34 (excluding VAT and outstanding costs). This report seeks authority to increase the budget to cover outstanding fees from October 2015 to February 2016 and any further costs until the end of June 2016.

4.2.3 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. In relation to Brent Cross Cricklewood South, the Council has entered into a Joint Venture with Argent Related and within this arrangement, there is provision for the Council to recover its costs from Argent Related and it can start to recover its costs from April 2016.

4.2.4 The original contract value was £119,040 in April 2013, which was to be extended as agreed on by the Council and Bilfinger GVA for continuation of services on an annual basis. The contract was extended in August 2014 to £439,000.00.

4.2.5 This was further extended through an Assets, Regeneration and Growth Committee report in December 2014 by £60,000.00, bringing the total contract amount to £499,040.00 for services up to December 2015.

4.2.6 The total spend including outstanding costs to June 2016 currently stands at £522,968.34 VAT exc.,

4.2.7 The costs associated with the further work required by Bilfinger GVA to progress the project in 2015/16 are estimated to be approximately £81,100.00 and will be recovered from the Development Partners.

4.2.8 Below is a table outlining the outstanding and future costs up until May 2016:

Month and Year	Amount (VAT exc)
September/October 2015	£10, 080.00
November 2015	£13,920.00
December 2015	£10,080.00
January 2016	£4,800.00
February 2016	£1,920.00
<i>* March to May 2016*</i>	<i>£40,300.00</i>
Total Amount	£81,100.00

4.2.9 It is important to note that the total figure for *March to June 2016* is an estimate based upon previous invoice amounts.

4.2.10 **Procurement**

- 4.2.11 Bilfinger GVA's contract was subject to a competitive process and continues to represent the best available option for the Council.
- 4.2.12 The contract and price is to be reviewed on an annual basis from April 2016 and will continue every April thereafter.
- 4.2.13 The price review will comprise the following elements: review of current and future requirements to ensure that these works are contained within the scope of the existing contract; justification and evidence to support any request for a price increase; explore which price elements can be fixed during the term of the year (if applicable)
- 4.2.14 The contract was appointed on an hourly fee basis. Upon review of the contract and costs, this fee has not increased since GVA began works as the scope specified. However, they have been asked to provide further works as per Phase 3 set out below, and these costs have been agreed between GVA and the appropriate officers as and when needed.
- 4.2.15 The original contract was put in place in April 2013 and was appointed for three different "phases" of works:
- Phase 1 – Advice regarding the re-phasing of the Brent Cross Cricklewood south project and preparation for the developer procurement process
 - Phase 2 – Advice and input into the preparation and delivery of the OJEU compliant developer partner/ developer consortium procurement process
 - Phase 3 – Advice and input into the development and delivery of a viable scheme
- 4.2.16 As the Brent Cross Regeneration Scheme is a 20 year project, there are likely to be instances where contracts will need to be extended to ensure continuity on key work areas.

4.3 Legal and Constitutional References

- 4.3.1 The procurement which enabled the award of the contract to GVA Grimley was through the HCA Framework Property Panel with a mini-competition which was delivered following and OJEU procedure. This is in accordance with the Council's Contract Procedure Rules (CPR) and public procurement regulations.

4.4 Risk Management

- 4.4.1 The appointment of Property and Financial Advice for Brent Cross Cricklewood Southern development is essential to safeguard the Council's interests and to support the development of options to help bring forward the Brent Cross Cricklewood regeneration project.
- 4.4.2 The appointment was subject to a competitive tender. The fees that arise out of this appointment are being covered by the Brent Cross Development Partners (Hammerson UK plc and Standard Life Investments, Argent and Related).
- 4.4.3 Having taken into account the above issues, it is not considered that the extension of GVA Grimley's contract will raise significant levels of public concern or give rise to policy considerations.

4.5 Equalities and Diversity

- 4.5.1 It is not envisaged that this appointment 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 and will do everything necessary to ensure that there is continuing compliance with this duty.

4.6 Consultation and Engagement

- 4.6.1 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.

5. BACKGROUND PAPERS

- 5.1 Action taken by Cabinet Member (Executive Function) DPR 1830 12 November 2012, Brent Cross Cricklewood Southern Development - Property and Financial Advice Tender Acceptance(Contract no: 505710) <http://barnet.moderngov.co.uk/documents/s6628/1830%20-%20Brent%20Cross%20Cricklewood%20Southern%20Development.pdf>
- 5.2 Assets, Regeneration and Growth Committee dated 9 July 2014 approved the procurement of a partner for the Brent Cross Cricklewood South development through an OJEU Negotiated route in accordance with the Brent Cross South Procurement and Delivery Strategy, and approved the Council's requirements for the Brent Cross Cricklewood South opportunity; and noted procurement timetable and that to meet this timetable an additional meeting would be

needed to approve the selection of a preferred partner, which would be called in accordance with statutory requirements and the Council's constitution.

<http://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=696&MId=7960&Ver=4>

- 5.3 Assets, Regeneration and Growth Committee dated 15 December 2014 noted progress on the Brent Cross Cricklewood project and approved the extension, regularisation and continuation of Bilfinger GVA's contract.

<http://barnet.moderngov.co.uk/documents/s19845/BXC%20update%20-%20Publish.pdf>

- 5.4 Full Council dated 3 March 2015 approved the appointment of Argent and Related Companies PLC (Bidder Z) as the Council's preferred development partner for the Brent Cross Cricklewood South Scheme; the selection of Gateway Barnet consortium comprising Far East Consortium, Countryside Properties and Notting Hill Housing Trust (Bidder Y) as the Council's reserve development partner for the Brent Cross Cricklewood South Scheme; authorise Officers to work up the Business Plan, Project Agreement and documentation necessary to form the joint venture for consideration and approval by Assets, Regeneration and Growth Committee prior to formally entering into the joint venture contract and authorised the Commissioning Director (Growth and Development) to determine the exact structure of the joint venture arrangement.

<http://barnet.moderngov.co.uk/documents/g7819/Public%20reports%20pack%2003rd-Mar-2015%2019.30%20Council.pdf?T=10>

- 5.5 Assets, Regeneration and Growth Committee dated 30 November 2015 approved the terms for the amendments to the Brent Cross Property Development Agreement and Co-operation Agreement and authorised the Chief Executive in consultation with the Leader of the Council to agree the detail of the Brent Cross Property Development Agreement and Co-operation Agreement and any required subsequent changes in the associated commercial documentation; noted progress on land acquisitions within the CPO red line boundary and that the CPO Inquiry for Brent Cross Cricklewood CPO1 and Brent Cross Cricklewood CPO 2 is scheduled for 17 May - 17 June 2016; approved the Brent Cross South Joint Venture Structure that will inform the Project Agreement and documentation necessary to form the Brent Joint Venture; noted the establishment of the Shadow Joint Venture Board and gave approval for the terms of reference for Shadow Shareholder Board for the Brent Cross South Joint Venture to be drawn up including a process for appointing Members for agreement at the next practicable meeting of the Council; and noted progress on the Thameslink Station project, in particular the station design and funding strategy.

<http://barnet.moderngov.co.uk/documents/s27725/Brent%20Cross%20Cricklewood%20Project%20update.pdf>

- 5.6 Council 1 March 2-16 noted the report of Assets, Regeneration and Growth Committee on 30 November 2015 as attached at Appendix 1 which approved the Joint Venture Structure and authorised the establishment of a Shadow Shareholder Board for the Brent Cross South Joint Venture, and that its terms of reference and membership to be drawn up for Council approval; noted the Brent Cross South Joint Venture Structure at Appendix 3 attached to the report of the Assets, Regeneration and Growth Committee on 30 November approved by the Committee on 30 November 2015; agreed the terms of reference for the Shadow Shareholder Board for the Brent South Joint Venture as outlined in paragraph 2.15; agreed that the composition and Membership of the Shadow Shareholder Board be agreed, as per paragraphs 2.13 and 2.14 of the report; noted the decisions outlined in Appendix 2 which will be required by the Shadow Shareholder Board as detailed in the Project Agreement and Shareholder and associated documentation necessary to form the Brent Cross South Joint Venture; and noted that the Project Agreement, Shareholder Agreement and associated documentation will be reported to Assets, Regeneration and Growth Committee on 17 March 2016 for approval and that that report will recommend that the Chief Executive be authorised in consultation with the Leader to finalise the documentation.

<http://barnet.moderngov.co.uk/documents/s29974/Report%20to%20Council%20Report%20of%20Assets%20Regeneration%20and%20Growth%20Committee%20-%20Brent%20Cross%20Cricklewood.pdf>

7. DECISION TAKER'S STATEMENT

- 7.1 *I have the required powers to make the decision documented in this report. I am responsible for the report's content and am satisfied that all relevant advice has been sought in the preparation of this report and that it is compliant with the decision making framework of the organisation which includes Constitution, Scheme of Delegation, Budget and Policy Framework and Legal issues including Equalities obligations.*

8. OFFICER'S DECISION

I authorise the following action

- 8.1 The variation under Contract Procedure Rules 14.1 to enable payment of outstanding costs concurred to the end of June 2016.
- 8.2 The update of contract as external advisors on the Brent Cross Cricklewood Scheme between the Council and GVA Grimley to reflect the new trading name Bilfinger GVA (formerly GVA Grimley).,

Signed



**Commissioning Director, Growth and
Development**

Date

06/06/2016
