	<p>Financial Performance and Contracts Committee</p> <p>29 January 2020</p>
<p>Title</p>	<p>Brent Cross Cricklewood</p>
<p>Report of</p>	<p>Director of Growth</p>
<p>Wards</p>	<p>All</p>
<p>Status</p>	<p>Public Accompanying separate exempt report. (Not for publication by virtue of paragraphs 3 and 5 of Schedule 12A of the Local Government Act 1972 as amended as this relates to information of a financial nature and information in respect of which a claim to legal professional privilege could be maintained in legal proceedings).</p>
<p>Urgent</p>	<p>No</p>
<p>Key</p>	<p>No</p>
<p>Enclosures</p>	<p>Appendix 1 – Site Plan and Masterplan. Appendix 2 – MHCLG Grant Agreement: Key Characteristics</p>
<p>Officer Contact Details</p>	<p>Karen Mercer, Programme Director Karen.Mercer@barnet.gov.uk, 0208 359 7563</p>

Summary

This report provides an introductory overview of the construction contracts that the council has placed (and needs to place) to meet its delivery obligations in respect of the Brent Cross Cricklewood (BXC) project and the project's funding arrangements. It should be read in conjunction with the quarterly progress report to the Housing and Growth Committee on 27 January 2020. Future reports will focus on the financial performance of the individual contracts placed by the council to enable the Committee to monitor and review the financial performance of the contracts going forward. Focussing on the BXT project, this report also explains that the council is working with Network Rail, HM Government (HMG) and its delivery partners to agree a revised integrated programme and revised anticipated final cost (AFC) across the BXT programme. Once approved, this will form the baseline for future reporting and performance monitoring.

Officers Recommendations

The Committee is asked to note

- 1) the works delivery contracts placed and will have been placed by calendar Year Q2 2020 in respect of the Brent Cross Thameslink (BXT) programme and Critical Infrastructure so that the council can meet its delivery responsibilities in respect of the overall project.
- 2) the council is working with Network Rail, HM Government (HMG) and its delivery partners to agree a revised integrated programme and update the Anticipated Final Cost (AFC) estimate for the BXT programme. Once approved, this will form the baseline for future reporting and performance monitoring.
- 3) progress on Brent Cross South and commencement of the demolition and enabling works in anticipation of letting the first significant infrastructure contract in Calendar Year Q1 2020
- 4) that Brent Cross Shopping Centre Partners (BXN) have deferred start on site. As such, no significant contracts have been let. An update on next steps will be provided to the Housing and Growth (H&G) Committee on 27 January 2020.

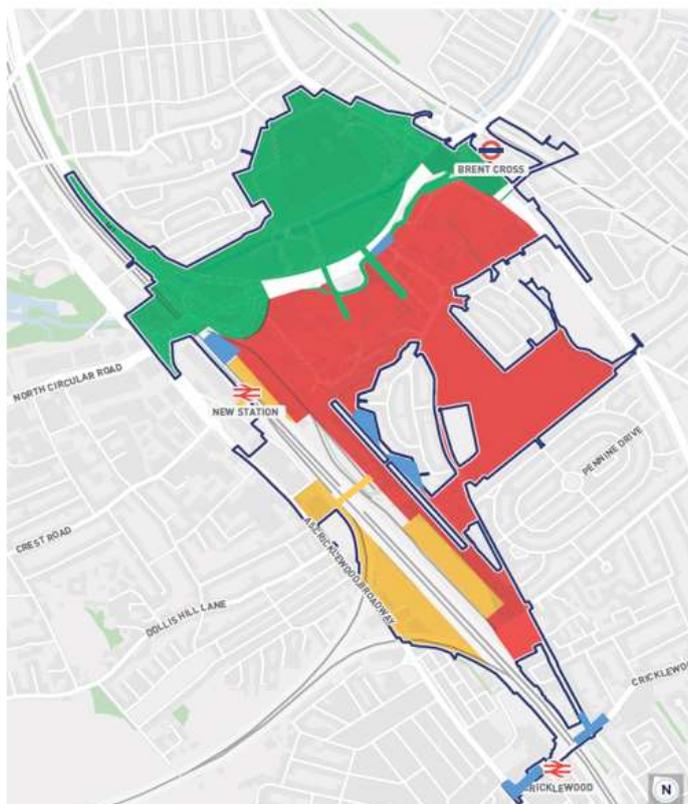
1. PURPOSE OF REPORT

Introduction

- 1.1 The comprehensive regeneration of the Brent Cross Cricklewood (BXC) area is a long-standing council objective.
- 1.2 Planning consent was granted in 2010 for comprehensive regeneration of Brent Cross Cricklewood (BXC), including 7,500 new homes, 455,220sqm commercial, extensive infrastructure and doubling the size of Brent Cross Shopping Centre. A site location plan and masterplan is attached at **appendix 1**.
- 1.3 The scheme is being delivered in three parts:
 - **Brent Cross Thameslink (BXT)** – the new station being delivered by Barnet Council and funded in partnership with the wider public sector following approval of the Full Business Case by HM Government (in 2016). A summary of the works is provided below.
 - **Brent Cross South (BXS)** – 6,700 homes, a new office location and related social and ‘hard’ infrastructure. Being delivered by Argent Related in joint venture with the council.
 - **Brent Cross North (BXN)** – the shopping centre expansion, critical highways infrastructure and 800 homes. Planned to be delivered by Hammerson &

Aberdeen Standard Investments, owners of the shopping centre. BXN have deferred start on site as explained in the report to the ARG in September 2018. <https://barnet.moderngov.co.uk/documents/s48493/Brent%20Cross%20Cricklewood%20Update%20Report.pdf>

THE WIDER REGENERATION PROJECT - BXC



Brent Cross London (BXL)

Expansion of the Brent Cross Shopping Centre delivered by Hammerson and Standard Life Investments,

Brent Cross South (BXS)

A new mixed use town centre delivered by the BXS Limited Partnership - Barnet Council and Argent Related.

New Thameslink Station (BXT)

An additional Thameslink Station to serve the regeneration area delivered by Barnet Council and Network Rail.

Critical Infrastructure (CI)

£55m worth of infrastructure works including highways junctions improvements, substation for BXS and replacement units for the Whitefield Estate

- 1.4 The overall programme is reported each quarter to the Housing and Growth Committee (formerly Assets, Regeneration and Growth Committee – ARG) and to the Policy and Resources (P&R) Committee as required. The quarterly update to the Housing and Growth (H&G) Committee, 27 January 2020 can be accessed using the following link.
[Link to BXC Quarterly Update report to Housing and Growth Committee, 27 January 2020](#)
- 1.5 Substantial progress has been made as set out in quarterly reports to the H&G Committee, and the overall project is now in delivery. Detailed planning has been granted for the first phases and the ability to acquire the land needed for the programme has been achieved through the confirmation of the three Compulsory Purchase Orders (CPO's). The BXT programme commenced in January 2019 as reported to the H&G and P&R Committees and summarised below. BXS has also commenced enabling works in anticipation of placing the first significant infrastructure construction contract in calendar year Q1 2020. The photographs below show the clearance and demolition of the Claremont Industrial Estate.



March 2019



August 2019

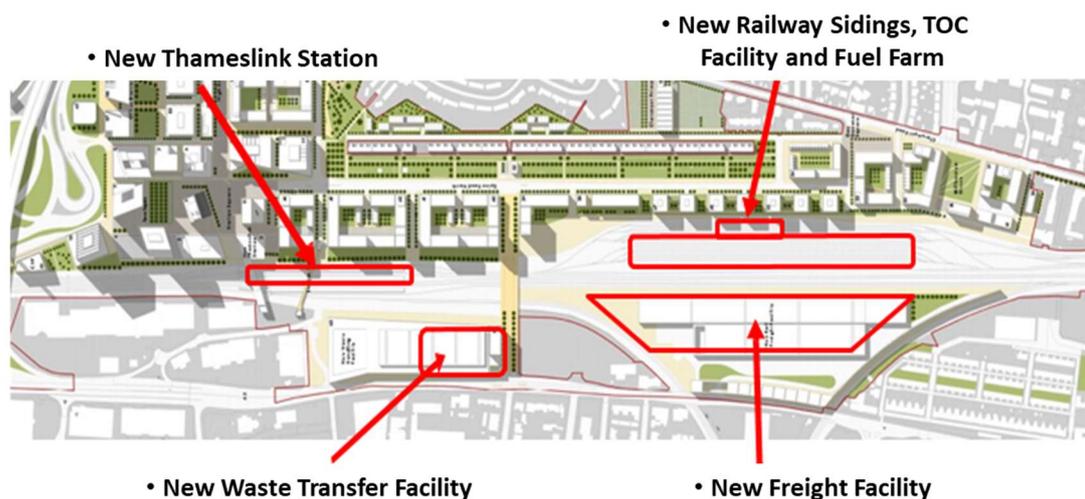


December 2019

- 1.6 Budget, performance and risk information across the overall programme is reported to Housing and Growth Committee as part of the quarterly report. This Committee will focus on the performance of contracts that have actually been let by the council and BXS. This report provides an introductory overview of the individual works delivery construction contracts that the council has placed (and needs to place) to meet its delivery obligations in respect of the overall project alongside funding arrangements. Future reports will provide greater focus on the financial performance of the individual contracts to enable the Committee to monitor and review financial and delivery performance of those contracts going forward.

Council Works Delivery Responsibility – BXT and Critical Infrastructure

- 1.7 The BXT programme of works comprises the delivery of four distinct elements of work to enable the new Brent Cross West Station to open in 2022:
- i) Train Operating Company (TOC) accommodation and ancillary facilities including the fuel farm (see paragraphs 1.26 below)
 - ii) Railway Systems & Sidings (see paragraphs 1.29 below)
 - iii) Relocation of the existing Waste Transfer Station (WTS) (see paragraphs 1.40 below)
 - iv) Brent Cross West station (see paragraphs 1.36 below)
- 1.8 A further requirement of the planning permission for BXT is for DB Cargo to open a new rail freight facility as shown below, which allows the relocation of the existing strategic freight facility. DB Cargo expects the facility to be fully operational within Quarter 1 2020.
- 1.9 The below graphic shows the constituent parts of the BXT programme overlaid on the BXC masterplan.



- 1.10 The BXT programme is government funded. The council agreed to take on these works following the approval of the Full Regeneration Business Case and confirmed funding by HM Government in February 2016. The Grant Agreement signed on 17 January 2017 was subsequently varied on 10 April 2019 to reflect the Revised Funding Agreement (RFA) agreement with HM Government (HMG) as a result of BXN's deferral as explained in paragraph 1.12 below. The terms of the RFA was approved by the P&R Committee on 20 February 2019, the link to that report is as follows:
- <http://barnet.moderngov.co.uk/documents/s51244/Brent%20Cross%20Cricklewood%20Funding%20and%20Delivery%20Strategy%20Report.pdf>
- 1.11 This variation agreement secures the Government investment of an additional £320m grant in the Brent Cross Thameslink project and critical infrastructure. It documents the Revised Funding Agreement (RFA) approved by the Chief Executive in consultation with the Chairman of the Policy and Resources Committee and having consulted members of the Assets, Regeneration and Growth and Policy and

Resources Committees on 6 March 2019. The updated key characteristics are summarised at appendix 2.

<http://barnet.moderngov.co.uk/ieDecisionDetails.aspx?ID=7163>

- 1.12 Following BXN's decision to defer start on site in July 2018, the council agreed a revised delivery and funding strategy with BXN, BXS and public- sector partners so that BXN's deferral did not delay start on site and the comprehensive redevelopment of BXC.
- 1.13 The revised delivery strategy was approved by ARG on 27 November 2018 <https://barnet.moderngov.co.uk/documents/s49849/Brent%20Cross%20Cricklewood%20Update%20Report.pdf>. The revised delivery strategy required 1) some changes to the planning permission (now achieved); 2) transfer in delivery responsibility for core critical infrastructure items from BXN to the council and BXS in respect of infrastructure works and land acquisitions, funded using grant funding that was previously to be made available to BXN to fund core critical infrastructure works; and 3) the council agreeing an alternative funding strategy with HMG to fund the BXT and core critical infrastructure items being transferred.
- 1.14 As a consequence, in addition to the BXT works at paragraph 1.7 above, the council also took on delivery responsibility for the highway improvements at the Cricklewood Lane Southern Junctions (Cricklewood Broadway/Cricklewood Lane/Chichele Road and Cricklewood Lane/Claremont Road/Lichfield Road) and the relocation of the Part 1 Whitefield Estate, working with L&Q. BXS will deliver the required sub-station totalling 40 MVA and forthcoming improvements to Claremont Park.
- 1.15 The revised Grant Agreement includes milestones (based on calendar years) as shown below which are critical part of monitoring process. The tables below demonstrate good progress is being made and critical milestones achieved.

BXT	FBC Dec 2018	Dec 19	Comment
CPO3 Inquiry	Achieved		Achieved
CPO3 Confirmed	Achieved		Achieved
LBB and NR Sign off - Single Option Development (Grip 4)	Achieved		Achieved
Network Change Approved	Q1 2019	Q3 2019	Achieved
Update Full Business Case and Funding strategy approved	Q1 2019	Q1 2019	Achieved
New NLWA Waste Transfer Facility Demolitions Start on Site	Q1 2019	Q1 2019	Achieved
Commence Sidings Construction / Implementation (Grip 6)	Q1 2019	Q1 2019	Achieved
Commence Station Construction / Implementation Grip 6)	Q4 2019	Q1 2020	On target
Completion of New NLWA Waste Transfer Facility	Q4 2020	Q2 2021	Delay due to cost and programme from framework contractor. Council currently reviewing procurement options.
Station Complete & Scheme Handback (Grip 7) / Station Open	Q2 2022	Q2 -Q4 2022	Programme under review due to the loss of the rail possessions and delay to the TOC building (paragraph 1.42 below)

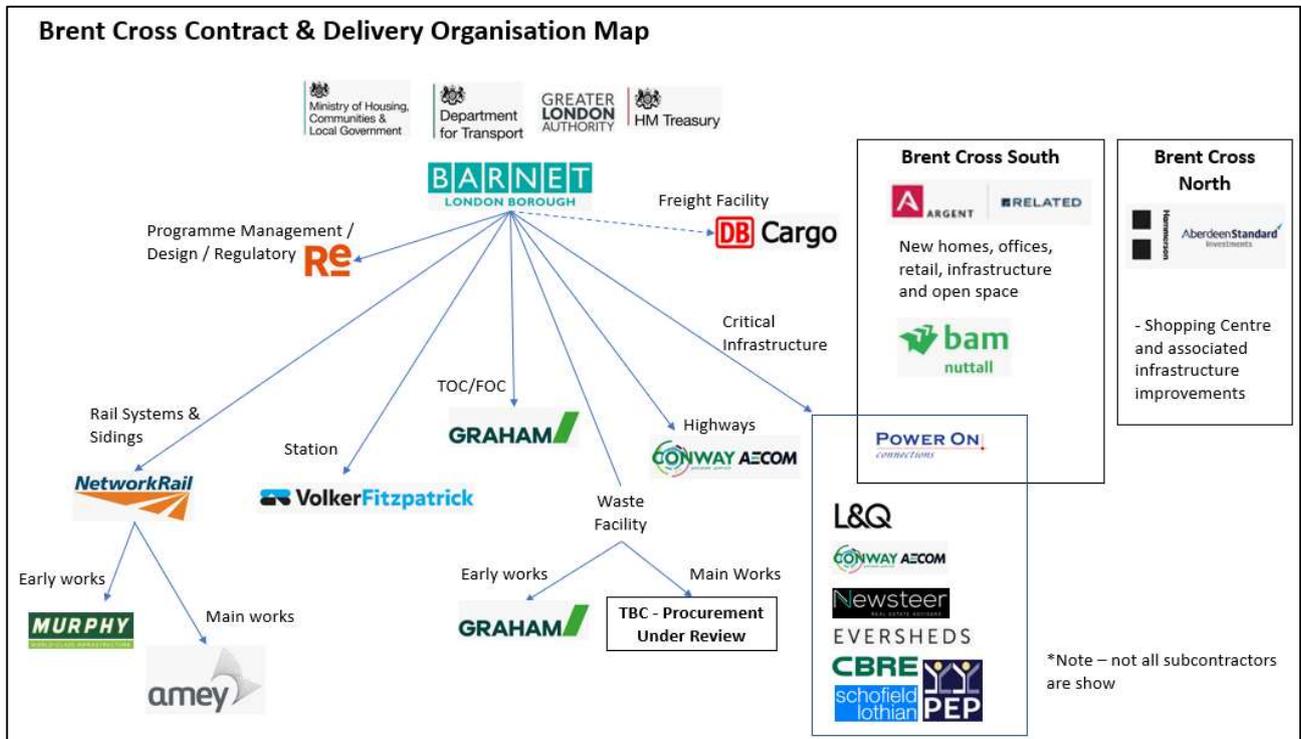
BXS			
Section 73 planning consent	Achieved		Achieved
Secure Preferred Development Partner	Achieved		Achieved
BXC South Phase 1 CPO Resolution	Achieved		Achieved
CPO 2 (and 1) Inquiry	Achieved		Achieved
CPO 2 (and 1) Confirmed	Achieved		Achieved
Start on Site (Phase 1C, Station Square & Other Early Phases)	Q2 2019	Q3 2019 demolitions commenced	Demolitions and site preparation underway. Argent Related (BXS Delivery Partner) are working closely with the BXT station team to ensure delivery of the station interchange and plots in the area is managed through land handover.
Completion (Phase 1C, Station Square & Other Early Phases)	Q4 2022		

Funding

- 1.16 The budget for each of the BXT and critical infrastructure works packages within the programme is set in the RFA. A review of the budgets with HMG is scheduled for 16th January 2020. A verbal update will be provided to the Committee.
- 1.17 This coincides with the Commercial Assurance Review of the Anticipated Final Cost (AFC) currently underway by the council's BXT Client Director.
- 1.18 It is recognised by the council, Network Rail and HMG that the programme has been subject to a number of significant events driving change and potential increased costs, as set out in the report below, notably:
- Delay to the completion of the TOC accommodation, due in large part to scope escalation and programme changes and contractor performance
 - Availability of track access to commission the south sidings, undertake the major track slews and construct the station bridge. (Each of which require complete weekend closure of the Midland Mainline).
 - Return of prices for the waste transfer station
 - The procurement of the station contractor
 - Emergence of a number of risks and issues not specifically identified within the original risk assessment process.
- 1.19 The council is responding to these budget pressures and developing a recovery plan with its partners. The first stage is the review of the latest anticipated final cost by the council's BXT Assurance Director. This review will be finalised by the end of January and will be reported to the next Committee. A verbal update will be provided to this Committee at the meeting.
- 1.20 The council is also working with Network Rail, HM Government (HMG) and its delivery partners to agree a revised integrated programme. Any re-baselining of the programme, milestones and budget will be formally reported to this Committee. Once approved, this will form the baseline for future reporting and performance monitoring.

Delivery Partners

1.21 The council has procured and entered into contract with the required consultants and works contractors to meet its delivery responsibilities as shown in the diagram below. The exception being the new Waste Transfer Station main works contract to enable the relocation of the existing Hendon Waste Transfer Station facility as explained in paragraph 1.42 below.



1.22 These contracts are managed on a day to day basis by the works package project manager and reviewed monthly by the council's client project and finance teams, including a meeting chaired by the Chief Executive and attended by the Deputy Chief Executive (the Project Sponsor) and Director of Resources. Change is managed through the Change and Decisions Group. All decisions are taken by the Chief Executive, Deputy Chief Executive and Director of Resources within the Scheme of Delegations or as authorised by Full Council, the H&G and P&R Committees.

1.23 These contracts can be broken down: 1) consultancy agreements for legal, professional and project management services and 2) works delivery contracts.

1) Consultancy Agreements

1.24 The value of works under significant consultancy works to 31 December 2019 is approximately £51.3m, split approximately: BXN £9.47m; BXS £2.78m; land assembly £13.83m; and BXT £25.21m. The major ongoing consultancy commissions are listed below.

- 1.25 Budgets are agreed in advance and reviewed monthly by workstream leads and at the monthly overall Project Finance Review meeting. A template for each of the contracts below is being prepared and will be reported to the next Committee.

Consultant	Discipline	These are managed through Special Project Commissions. The council / Re have agreed that the client regeneration functions / integrated project management (IPMO) will be transferred back to the council by the end of January. Special Project Commissions are presently being agreed for the regulatory functions. A new Special Project Agreement (SPA) for the Brent Cross Thameslink Special Project until December 2019 has been developed, although not yet signed. The SPIRS are managed through the DRS contract governance arrangements in place.
Re	Regulatory – Planning	
	Regulatory – Highways	
	Client / IPMO	
	BXT – Project Man	
Re/Capita	Design	
GWLG	Legal	Appointed through an OJEU compliant competition in 2015 overseen by HB Law.
Eversheds	Legal – CPO/Appropriation	Prior to the appointment of GWLG, Eversheds advised the council on legal matters. Eversheds were appointed to provide CPO and appropriation advice in 2014. H&G approved the continuation of the appointment on CPO and appropriation in 2015
NewSteer Ltd	CPO/land acquisitions	Appointment approved by H&G on 16 November 2019.
CBRE	Property	Appointment reconfirmed by H&G on 24 April 2017
Schofield Lothian	Project Management – IPMO, Document Control, Cost	Appointment approved by Chief Officer Decision on 25 November 2019. Contract now in place using TFL Framework.
PEP	Independent Advisor	Appointed in 2014 through a tender process.

2) Works Delivery Contracts

- 1.26 The table below summarises the work delivery contracts in place (highlighted bold) and those that will be let in 2020. It does not include all variations that may have to be agreed by the contractor as these contracts are concluded. The table will be updated in subsequent reports. An overview of each contract is provided in the Works Delivery Contracts Summary and Progress Update as part of this introductory report.

Works	Contractor	Contract Type	Contract Value	Contract date	End Date	Invoiced to date	
Thameslink							
TOC	JGCL	NEC 3 Option E: Cost Reimbursable	£8,721,872.00	10/01/2019	24/08/2020	£8,349,860	
	NR	APA	£402,936	14/03/2019	13/11/2019	£187,697	
Rail Sidings and Systems	NR	DSA 1	£2,291,281.00	25/11/2014	28/02/2017	£2,205,956.53	
		APA	£395,015.00	30/01/2018	30/04/2018	£342,653.36	
		DSA 2 GRIP 4	£11,905,493.62	02/03/2017	30/04/2018	£11,495,413.39	
		DSA 2 GRIP 5	£9,344,183.00	03/08/2018		£4,639,626.61	
		IA Long Lead	£3,970,132.91	16/11/2018		£94,833.23	
		IA Early Works	£5,353,335.00	27/06/2018		£4,244,209.22	
		Sub Total		£33,259,440.53			£23,022,692.34
	NR	IA Works Schedule 1:	£15,888,861.00		27/12/2018		-
		Extension to IA Works Schedule 1	£3,663,311.00		21/03/2019		-
		IA Works Schedule 2:	£115,727,127.00		11/04/2019	31/12/2022	£26,590,004.72
	Sub Total		£135,279,299.00			£26,590,004.72	
Station	VF	NEC3 ECC Option C (as set in the Contract Award Notice in line with the commencement of the procurement information)	£40,000,000	23/12/2019	31/07/2022	-	
	NR	APA	£4,648,045	29/03/2020	31/05/2022	-	
		Sub Total	£44,648,045.00				£0.00
Waste Transfer Station	JGCL	Enabling works - NEC ECC Option A (priced contract with activity schedule). This has been extended on May 19 and Dec 19 to maintain programme whilst main works contract procured.	£2,201,647	20/02/2018	12/06/2019	£1,822,232	
	TBC	Main Works NEC3 ECC Option A (priced contract with activity schedule)	TBC				
	NR	APA					
		Sub Total	£2,201,647.00				£1,822,231.99
Critical Infrastructure							
Access Ramp	Conway Aecom	LoHAC call off contract	£400,000	01/09/2019	31/12/2020	£0	
Relocation of Part 1 Whitefield Estate	L&Q	Funding Agreement (novated from Hammerson / Aberdeen Standard x November 2019) in process of being renegotiated	TBC	01/11/2019	31/03/2023	£359,000	
Geron Way	Conway AECOM prelim design	Option E Task Order - LoHAC call off Contract	£225,000.00	01/11/2018	29/02/2020	£158,914	
	Conway Aecom detailed design & construction	Option A Task Order - LoHAC call off Contract	£2,168,458.60	01/03/2020	01/03/2021	-	
	TfL costs	Traffic Signals, Supervision, Bus Stop relocation	£253,806.00	01/03/2020	01/03/2021	-	
	BT Openreach	Utilities Diversion	£1,151,395.00	01/03/2020	01/03/2021	-	
	Cadent Gas	Utilities Diversion	£22,000.00	01/03/2020	01/03/2021	-	
	UKPN	Utilities Diversion	£99,805.00	01/03/2020	01/03/2021	-	
	Thames Water	Utilities Diversion	£20,000.00	01/03/2020	01/03/2021	-	
		Sub Total	£3,940,464.60				£158,914.38
Southern Junctions	Conway Aecom LoHAC Prelim	Option E Task Order	£114,168.32	01/06/2019	01/06/2020	£103,362	
	Conway Aecom LoHAC Detailed & Construction	Construction, incl detailed design - A407/Claremont Road	£613,196.06	01/11/2019	31/07/2020	-	
		Walls Construction - A407/Claremont Road	£51,500.00	01/11/2019	31/07/2020	-	
		Construction, incl detailed design - Cricklewood Broadway	£1,109,807.36	06/01/2020	31/07/2021	-	
		Demolition - Cricklewood Broadway	£515,000.00	30/04/2020	30/09/2020	-	
	TfL	TfL costs A407/Claremont Road	£54,500.00	01/11/2019	31/07/2020	£49,500	
		TfL costs Cricklewood Broadway	£105,500.00	01/07/2020	31/07/2021	-	
	UKPN	UKPN Main Order - A407/Claremont Road	£59,814.59	01/11/2019	31/07/2020	£59,815	
	BT Openreach	Claremont Road Diversion	£768,693.63	01/11/2019	31/07/2020	£304,897	
		Cricklewood Broadway Diversion	£87,066.75	01/07/2020	31/07/2021	-	
	Cadent Gas	Claremont Road Diversion	£495,684.76	01/11/2019	31/07/2020	-	
		Cricklewood Broadway Diversion	£10,860.71	01/07/2020	31/07/2021	-	
	Virgin Media	Utilities Diversion	£69,869.63	01/11/2019	31/07/2020	-	
Thames Water	Utilities Diversion	£7,000.00	01/11/2019	31/07/2020	£7,776		
	Sub Total	£4,062,661.81				£525,349.65	

Key for Abbreviations

JGCL - John Graham Construction Limited
NR- Network Rail
IA - Implementation Agreement

APA - Asset Protection Agreement
VF - VolkerFitzpatrick
LoHAC - London Highways Alliance Contract

1.27 Works Delivery Contracts Summary and Progress Update

1.28 The **TOC accommodation and ancillary facilities** element comprises a new two-storey TOC accommodation building and the relocation of the 'fuel farm' where

fuel for the Thameslink trains is held. The facilities are all located immediately to the south of the existing operational North London Waste Authority (NLWA) waste facility. The new facilities replace existing facilities to enable construction of the new 'south' sidings (see below) and are set within fenced compounds, accessible via a service road from the north. The building works are now complete. However, Govia Thameslink Railway (GTR), the incumbent TOC took the decision to delay their move until after the operational timetable change on 15th December and are therefore are now using the building. A temporary fuel farm is also being used by East Midlands Trains (EMT) whilst the permanent fuel farm is constructed on the old TOC accommodation building land.



- 1.29 The contract with John Graham Construction Limited (JGCL) was authorised on 10th January 2019 by the Chief Executive under delegated powers using a NEC 3 Option E: Cost Reimbursable Contract to deliver the Train Operator Compound and Fuel Farm. The approved budget for the total cost to complete the TOC Accommodation and Fuel Farm package is £11,791,185, of which includes the contractor element and all associated professional fees.
- 1.30 As works progressed JGCL has experienced delays as a result of increases in scope by Network Rail, TOCs and to meet `Network Change requirements as well as unfavorable ground conditions, specifically unforeseen concrete obstructions and contaminates such as asbestos during construction causing delay to the baseline programme. Mitigations were implemented to achieve the target completion date including increased activity on site and additional weekend working for the civils contractors. The programme is substantially complete but works relating to the permanent fuel farm, drainage and land rectification will continue through to July 2020. All of these matters have put significant pressure on the budget.
- 1.31 The **Railway Systems and Sidings element** comprises the following elements.
- 1) the construction of the new 'south' sidings and accesses,
 - 2) the decommissioning and removal of the existing 'north' sidings and accesses and
 - 3) the reconfiguration of track and other rail infrastructure to create the areas within which the station's platforms will be constructed.
- 1.32 1) enables 2), 2) enables 3), and 3) enables the delivery of the station itself.
- 1.33 Delivery is by Network Rail through its framework supply chain via an Implementation Agreement with the council. Full Council and Policy and Resources Committee

approved entering into the contract in December 2018, initially for enabling works approved by HMG whilst the RFA was finalised and put in place. The total value of the contract is £135,279,299. Works are scheduled to be complete to Handover (GRIP 8) by July 2022. The links to these reports are as follows:

Policy and Resources Committee 11 December 2018 Brent Cross Funding
<https://barnet.moderngov.co.uk/documents/g9460/Public%20reports%20pack%2011th-Dec-2018%2019.00%20Policy%20and%20Resources%20Committee.pdf?T=10>

Full Council 18 December 2018 Brent Cross Cricklewood Update Report
<https://barnet.moderngov.co.uk/documents/g9454/Public%20reports%20pack%2018th-Dec-2018%2019.00%20Council.pdf?T=10>

- 1.34 Main works started on programme in January 2019 and has progressed well through the year with critical works in 'possessions' (of the operational railway) being carried out over Easter 2019. The photo on the right, shows the progress with track, walkways and portal booms now installed to new sidings 6-10.



Photo: Sidings - January 2019

December 2019

- 1.35 The baseline programme showed the commissioning of the new south sidings on target for NR's week 43 (19th January 2020.) Delivery was dependent on TOC facility being accepted by the GTR by 18th November. Due to delay in GTR moving into the compound facility, the revised date for the south sidings commissioning is now June 2020 (week 9).
- 1.36 The three main track slews (realignments to facilitate station platforms installation) occur in linear sequence and require long 'possessions'. The first slew facilitates the second; the second facilitates the third. The associated 'possessions' are typically aligned with bank holidays, because of their disruptive effect on rail services. The first (Up Slow) slew was scheduled for August 2020, the second (Down Slow) for October 2020 and the third (Up Fast) for December 2020. Whilst the August 2020 possession was booked and confirmed, Network Rail formally advised the council last November that the October and December possessions had been refused by GTR, predominately as the proposed possessions were based on non-bank holiday weekends with the resulting disruption being unacceptable. This, coupled with delay to the TOC facility has impacted the Rail Systems and Sidings construction programme to provide the islands of land needed to construct the platforms and rail-side elements of the station buildings and footbridge.

1.37 A recovery access possessions plan has been developed by NR and BXT proposing 72 hr possession access on 2nd April 2021 (Week1), 3rd May 2021 (Week 5) and 31st May 2021 (Week 9). The key challenge is to secure commitment from the rail industry, GTR, to lock down these possessions through an integrated programme. This is expected by the end of January 2020. This is likely to result in changes to the NR Implementation Agreement contract.

1.38 The **Brent Cross West Station** comprises:

- 1) two 'island' platforms,
- 2) the pedestrian over-bridge,
- 3) the above platform concourse,
- 4) platform stairs, lifts and escalators,
- 5) roofs and canopies,
- 6) the station's west entrance building and public realm, and
- 7) the fit out of the station's east entrance building.



1.39 Following the conclusion of an OJEU procurement process, on the 3rd October 2019 LBB's Policy & Resources committee approved VolkerFitzpatrick as the selected bidder to deliver the new Brent Cross West station. The council entered into contract with Volker Fitzpatrick on 23 December 2019.

1.40 The station budget includes forecast expenditure in association with railway costs (possessions and Network Rail engineering trains), an identified risk provision for potential contract changes and Network Rail Asset Protection costs. There may be consequential changes required to the contract as a result of the revised integrated programme.

1.41 The station contract value and APA estimate are affordable within the MHCLG budget allocation for these items.

1.42 The **Waste Transfer Facility** element comprises:

- 1) the demolition of a warehouse building on the west side of the railway corridor;
- 2) the construction and commissioning of a new road-road waste transfer facility on the site of the above-described warehouse, to replace the existing road / rail facility on the east side of the railway corridor; and

- 3) the permanent closure of the existing road / rail waste transfer facility on the east side of the railway corridor and the c675m long railway siding that currently serves it and the yielding up of the associated land.
- 1.43 The demolition in 1) and enabling remediation works have been completed under a NEC3 ECC Option A contract (priced contract with activity schedule). The contract was extended in December 2019 to enable soft spot removal work to be undertaken. The total cost of these works is £2,436,027 which is within current total approved capital budget and overall BXT budget estimate.
- 1.44 JGCL had been BXT's preferred framework contractor for 2). However, as reported to the Housing and Growth Committee, JGCL submitted a programme and cost estimate outside the approved programme and budget available. Consequently, the council is reviewing the procurement strategy and next steps. A verbal update will be provided to the Committee.

Critical infrastructure

- 1.45 As part of the revised delivery strategy, the Funding Development Agreement Contract between BXN and L&Q has now been novated to council to bring forward the relocation of the Part 1 Whitefield Estate. The council's role is primarily to provide gap funding using the HMG £55m grant.
- 1.46 The council has also taken responsibility for delivery of the transport improvements at the Cricklewood Lane Southern Junctions (Cricklewood Broadway/Cricklewood Lane/Chichele Road and Cricklewood Lane/Claremont Road/Lichfield Road). The council is already delivering the Geron Way junction improvement on the A5 as part of the Thameslink works.
- 1.47 On 13 June 2019, the Assets, Regeneration and Growth Committee approved and authorised the Deputy Chief Executive to extend the scope of Conway Aecom's commission through the LoHAC framework to undertake the Southern Junctions Highways Works. The council had already appointed Conway Aecom to undertake the Geron Way highways work package utilising the existing London Highways Alliance Contract (LoHAC) framework contract.
- 1.48 The Deputy Chief Executive under delegated powers authorised the appointment of Conway Aecom through the London Highways Alliance Contract (LoHAC) framework to construct and build the associated Southern Junction highways works.
- 1.49 The first phase of the southern junction highway improvement work commenced on 20 January 2020 at the junction of Cricklewood Lane with Claremont Rd/Lichfield Rd, initially with the demolition of the wall at 1 Claremont Road to create the new boundary wall as explained in report to the Housing and Growth Committee. There will be five traffic management phases during the construction period which have been designed to cause as little disruption as possible. Before each new phase begins communication will be issued to the affected stakeholders explaining impacts. The more substantial second phase works will take place on the second junction of Cricklewood Lane and the A5 (Cricklewood Broadway) and are scheduled to take place in July 2020.

- 1.50 These works form part of the core critical infrastructure as set out in the RFA. The funding will be from the Southern Junctions budget which forms part of the £55m critical infrastructure package. The LoHAC design and build element is £635,000, of the estimated works budget of £2,073,000. Actual spend to date for Southern Junctions and Part 1 Whitefield Estate is £0.502m.

2 REASONS FOR RECOMMENDATIONS

- 2.1 To provide an introductory overview of the construction contracts that the council has placed (and needs to place) to meet its delivery obligations in respect of the Brent Cross Cricklewood project alongside the project's funding arrangements.

3 ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

- 3.1 None.

4 POST DECISION IMPLEMENTATION

- 4.1 None.

5 IMPLICATIONS OF DECISION

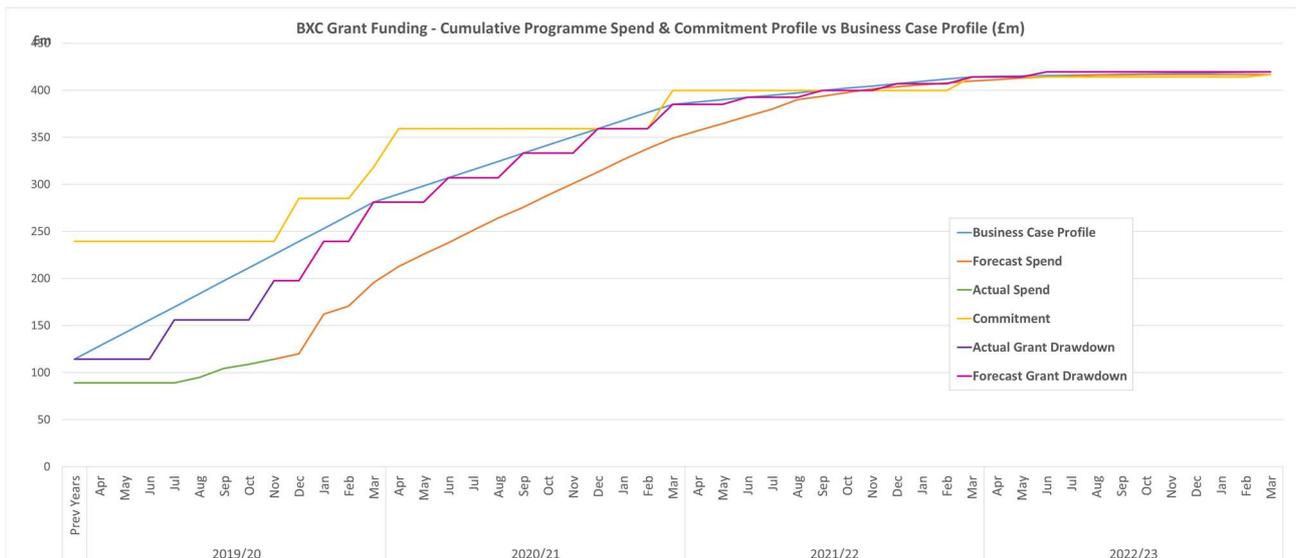
5.1 Corporate Priorities and Performance

- 5.1.1 The comprehensive regeneration of Brent Cross Cricklewood is a long-standing of the council and a key regeneration priority of the Mayor of London.

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

Budget Monitoring

- 5.2.1 Budget, performance and risk information across the overall project programme is reported to Housing and Growth Committee.
- 5.2.2 The council has put in place procedures to ensure the effective monitoring of the financial performance of the overall programme. The Governance Board comprising senior officers of the council, including the Chief Executive, Deputy Chief Executive (Project Sponsor) and the Director of Finance, receives a detailed report each month setting out the financial performance of the overall programme. This report includes a breakdown of the performance against the approved budgets and details of the individual Officers responsible for managing the budgets included within the overall programme.
- 5.2.3 The graph below shows the cumulative programme spend and commitment profile against the profile approved as part of the RFA and underpinned the subsequent Grant Agreement. It is anticipated that this will be reprofiled once the revised integrated programme has been agreed and endorsed by the rail industry and public-sector partners and the anticipated final cost updated.



Land Acquisitions

- 5.2.4 The approved budget for land acquisition to facilitate the programme is £63.13m, furthermore, there was expenditure on advanced acquisitions of £4.06m. This is in addition to the Thameslink budget. Actual spend to date is £52.15m. The current forecast for 2019/20 is £5.89m.

Thameslink Station

- 5.2.5 The current approved budget in the capital programme is £364.47m following confirmation of the HMG grant funding agreement.
- 5.2.6 Actual spend to date is £97.50m. The total contractual commitments at the end of October 2019 is £239.31m. The council has submitted drawdown requests against the HMG grant totalling £197.51m, of which all has been paid to date. The current forecast for 2019/20 is £130.11m.

Critical Infrastructure

- 5.2.7 These works are funded from the £55m core critical infrastructure budget that is being provided as part of the MHCLG Revised Funding Agreement for Brent Cross Cricklewood. Actual spend to date is £0.502m. The current forecast for 2019/20 is £13.41m.

Brent Cross North

- 5.2.8 The Brent Cross Principal Development Agreement confirms that the BXN Partners are obliged to pay the council's (and their consultants) costs in connection with this project – this covers a range of costs, including land acquisitions, fees, highway works.

5.3 Social Value

- 5.3.1 The Public Services (Social Value) Act 2012 requires people who commission public services to think about how they can also secure wider social, economic and

environmental benefits. Before commencing a procurement process, commissioners should think about whether the services they are going to buy, or the way they are going to buy them, could secure these benefits for their area or stakeholders. As set out in the council's Contract Procedure Rules, commissioners should use the Procurement Toolkit, which includes Social Value guidance. The Contract Management Toolkit should also be used to help ensure that contracts deliver the expected services to the expected quality for the agreed cost. Requirements for a contractor to deliver activities in line with Social Value is being monitored through the contract management process.

5.4 Legal and Constitutional References

5.4.1 Section 151 of the Local Government Act 1972 states that: "without prejudice to section 111, every local authority shall make arrangements for the proper administration of their financial affairs and shall secure that one of their officers has responsibility for the administration of those affairs". Section 111 of the Local Government Act 1972 relates to the subsidiary powers of local authorities to take actions which are calculated to facilitate, or are conducive or incidental to, the discharge of any of their functions.

5.4.2 Section 28 of the Local Government Act 2003 (the Act) imposes a statutory duty on a billing or major precepting authority to monitor, during the financial year, its income and expenditure against the budget calculations. If the monitoring establishes that the budgetary situation has deteriorated, the authority must take such action as it considers necessary to deal with the situation. Definition as to whether there is deterioration in an authority's financial position is set out in sub-section 28(4) of the Act.

5.4.3 The council's Constitution, Article 7 Committees, Forums, Working Groups and Partnerships, sets out the functions of the Financial Performance and Contracts Committee as being Responsible for the oversight and scrutiny of:

- The overall financial performance of the council
- The performance of services other than those which are the responsibility of the: Adults and Safeguarding Committee; Children, Education and Safeguarding Committee; Community Leadership and Libraries Committee; Environment Committee; and Housing and Growth Committee.
- The council's major strategic contracts including (but not limited to):
 - Analysis of performance
 - Contract variations
 - Undertaking deep dives to review specific issues
 - Monitoring the trading position and financial stability of external providers
 - Making recommendations to the Policy and Resources Committee and/or theme committees on issues arising from the scrutiny of external providers
- At the request of the Policy and Resources Committee and/or theme committees consider matters relating to contract or supplier performance and other issues and making recommendations to the referring committee
- To consider any decisions of the West London Economic Prosperity Board which have been called in, in accordance with this Article.

5.4.4 The council's Financial Regulations can be found at:

<https://barnet.moderngov.co.uk/documents/s47388/17FinancialRegulations.doc.pdf>

5.5 Risk Management

- 5.5.1 The council has an established approach to risk management, which is set out in the Risk Management Framework. Risks are reviewed quarterly (as a minimum) and any high (15 to 25) level risks are reported to the relevant Theme Committee and Policy and Resources Committee.
- 5.5.2 Budget, performance and risk information across the overall programme is reported to Housing and Growth Committee.
<https://barnet.moderngov.co.uk/documents/g9930/Public%20reports%20pack%2026th-Nov-2019%2019.00%20Housing%20and%20Growth%20Committee.pdf?T=10>.
- 5.5.3 Risk management has been applied across all levels of the programme. Owners and mitigation plans are identified, and risks are measured against impact and likelihood to give an overall rating. High rating risks are escalated and reported through the defined reporting procedure with top risks reported to BXC Governance meeting chaired by the Chief Executive.
- 5.5.4 As with all major programmes there is the risk that costs will increase during programme delivery. The BXT budget is under review to take account of the contract award on the station as well as progress on the TOC and Rail Systems and Sidings contracts. This risk is being actively managed.
- 5.5.5 The IA contract between the council and NR is an Emerging Cost contract. As indicated in previous reports, all emerging cost contracts entered into require strong contract management to ensure all costs incurred are reasonable. As part of the signed IA the council has open book access to all of Network Rail's financial information relating to invoiced costs incurred on the programme. This extends to Network Rail contractors where an emerging cost contract is in place. The council has the right (subject to notice and personal safety) to access the site and attend meetings. In this regard, the regular senior level meetings between Network Rail and the council/Re delivery are continuing to review the costs each month. Similarly, there is an on-site presence by the council/Re delivery team monitoring programme and work achieved, particularly during track possessions.
- 5.5.6 The most important control mechanism for the council is to employ experienced staff who will provide diligent review and challenge of the NR cost base and reject any costs which are not reasonably and properly incurred. The council's Client and Re Thameslink delivery team comprises professionals used to working on the railway within Network Rail and are experienced in delivering large railway projects. The challenge to NR will need to operate at several levels, including:
- a. A full-time site presence that stays abreast of issues that arise on site, and monitors the detail and impact of any events, or failure to meet programme milestones, quality standards etc. The site team/person will also systematically log these events/issues and share this information with NR.
 - b. Whilst it will always be difficult to isolate costs associated with NR/Contractor failure, from genuine cost, it is important that NR are discouraged from passing on contractor valuations without themselves challenging whether a deduction should be made to take account of notified failures.

- c. Attendance at key NR meetings. This is in addition to the role set out in (a), targeting any issues which may not have been picked up by the site-based teams, but for the same purpose as (1).
- d. A strong commercial challenge that scrutinises and interrogates any unexpected costs which emerge during the pre-invoice (valuation) process and repeats this when the main invoices are submitted.

5.6 Equalities and Diversity

5.6.1 The Equality Act 2010 requires organisations exercising public functions to demonstrate that due regard has been paid to equalities in:

- Elimination of unlawful discrimination, harassment and victimisation and other conduct prohibited by the Equality Act 2010.
- Advancement of equality of opportunity between people from different groups.
- Fostering of good relations between people from different groups.

5.6.2 The Equality Act 2010 identifies the following protected characteristics: age; disability; gender reassignment; marriage and civil partnership, pregnancy and maternity; race; religion or belief; sex and sexual orientation; marriage and civil partnership.

5.6.3 To assist in meeting the duty the council will:

- Try to understand the diversity of our customers to improve our services.
- Consider the impact of our decisions on different groups to ensure they are fair.
- Mainstream equalities into business and financial planning and integrating equalities into everything we do.
- Learn more about Barnet's diverse communities by engaging with them.

5.6.4 This is also what we expect of our partners.

5.6.5 This is set out in the council's Equalities Policy, which can be found on the website at: <https://www.barnet.gov.uk/your-council/policies-plans-and-performance/equality-and-diversity>

5.7 Corporate Parenting

5.7.1 This is not applicable for this report.

5.8 Consultation and Engagement

5.8.1 An update is set out in the report to the Housing and Growth Committee on 27 January 2020. Obtaining customer feedback is part of the council's contract management process to inform service delivery, service development and service improvement.

5.9 Insight

5.9.1 This is not applicable for this report.