

LONDON BOROUGH OF BRENT

**EXECUTIVE MEETING
09.02.04**

FROM THE DIRECTOR OF EDUCATION, ARTS & LIBRARIES

FOR ACTION

NAME OF WARD(S)
AFFECTED : Carlton

REPORT TITLE: GRANVILLE PLUS DEVELOPMENT

FP Ref: EAL-03/04-0016

1.0 SUMMARY

This report sets out plans for the re-development of the Granville Centre, as one element of the overall regeneration of South Kilburn, and seeks Members' approval to let the construction contract and to enter into all the necessary legal agreements with Brent Primary Care Trust (PCT) and other partners to enable the project to take place. The new centre will include an extension and direct link to the existing nursery school, enhanced youth and community facilities, and a base for South Kilburn Sure Start. The PCT will have a lease of the first floor extension and other parts of the premises, together with appropriate access and services provisions coupled with proportionate service charge recovery.

2.0 RECOMMENDATIONS

- 2.1 That the Executive agrees to participate in the proposed extension and refurbishment of the Granville Centre broadly as outlined in the current planning application (ref. 03/2942) submitted by Anne Thorne Architects Partnership. This is detailed in paragraphs 7.5 and 7.6 of this report.
- 2.2 That the Executive agrees to tender a contract to undertake the construction work in accordance with the detail of this report and agrees to waive standing orders to the extent necessary to enable the Council to take forward the process begun by the PCT and shortlist tenderers for final bids and notes the tendering timetable. The Executive further agrees that the Director of Education Arts and Libraries may agree a reduced specification to avoid any cost overruns.

- 2.3 That the Executive agrees to enter into agreements with the various partner agencies detailed in this report to ensure that funding is confirmed.
- 2.4 The Executive notes the appointment of EFM Ltd as initial consultants to advise on aspects of finance, risk, and deliverability, and that further consultants will need to be appointed in due course to manage the construction contract.
- 2.5 That the Executive agrees to lease the newly constructed upper floor and other parts of the premises to the PCT on the terms detailed in this report.
- 2.6 That the Executive authorises the Manager, Corporate Property, in consultation with the Director of Education, Arts and Libraries and the Borough Solicitor, and the Director of Finance, to agree both the detailed terms of the legal agreements with the partners to the project and the mechanism for procuring the works, subject to the latter's compliance with the Council's Scheme of Management.

3.0 FINANCIAL IMPLICATIONS

- 3.1 The identified funding for this project is as follows:

Funding source	Origin	£ Amount
South Kilburn NDC		500,000
South Kilburn Sure Start		700,000
Neighbourhood Nursery Initiative		101,000
SRB		500,000
Children's Centre		300,000
South Kilburn NDC feasibility		120,000
Nursery capital		30,000
Sure Start playground capital		30,000
South Kilburn NDC community arts/signage		80,000
GRANVILLE PLUS TOTAL FUNDING AVAILABLE		2,361,000

- 3.2 The foregoing figures have been supplied by the scheme Architect, and are subject to formal verification before any contractual commitment is made. Any variance leading to potential shortfall will be counterbalanced by reductions in planned spending, or made up from further funding sources.
- 3.3 The project funders identified above are currently progressing approval in order that the funds can be drawn down in readiness for contract works to commence in February 2004.
- 3.4 There is the potential to lose the Neighbourhood Nursery Initiative funding if contractors are not on site by February/March.

3.5 Costed proposals by the project architects are as follows:

	£
Refurbishment internally & externally to existing building	503,000
Making existing building accessible including lift, toilets	97,000
Extra over costs for sustainable showcase	215,000
New building	811,669
External works including drainage	172,500
Fees	313,055
Other costs including surveys, investigations ,Arts and Signage	177,682
	2,289,906

- 3.6 It is anticipated that decanting costs will be minimal, but that any that arise will be incorporated within the money available for refurbishment or from the contingency allowed for in the costs of the proposals. Legal and consultants fees will be incurred, in addition to the above.
- 3.7 Potential financial risks, which would be borne by the Council, are attached to the construction contract:
- the PCT may run out of funds, or funding may be withdrawn, and the scheme never be completed;
 - the contractors may encounter unforeseen difficulties with the premises (eg asbestos or other deleterious materials) which jeopardise completion; and,
 - there may be other unforeseen cost over-runs.
- 3.8 These risks will be minimised, but not eradicated, by:
- not letting the contract if the detailed bids are higher than the budgeted figure;
 - entering into a funding agreement with the PCT and other key funders. The funding agreement will make provision for the sharing of cost over-runs and / or the sharing of reductions in the specification.
 - not letting the contract until the funding agreement is in place;
 - adjusting the scheme of refurbishment to the existing Granville Centre in order to cover cost over-runs in other areas; and,
 - rigorous project management.
- 3.9 Some risk is also attached to the leasing agreement negotiated with the PCT:
- some of the planned services may not prove to be financially sustainable in the long term and this could place a burden on the other building users who might have to bear increased costs in operating the centre;
 - the Council's property may be encumbered with onerous clawback provisions in favour of the original funding body or bodies, which may prevent alternative or additional developments or future disposal;
 - there may be ongoing management and maintenance costs associated with the new build and refurbishment which would fall to the Council.

- 3.10 The majority of risks can be minimised or avoided through governance of the Agreement(s) for Lease(s), with appropriate terms applied, including a time limit on the arrangements. In terms of ongoing management costs, it is unlikely that any significant additional costs will fall to the Council. The new occupants will pay a proportion of all management and maintenance costs commensurate with the space occupied. The new and refurbished building will be more energy efficient and in better condition, and premises costs may therefore be less than they would otherwise have been.
- 3.11 Other risks are not quantifiable or strictly manageable, but the PCT's covenant is of undoubted strength. Additionally, the scheme enables £2 million of new funding to be invested in a property in need of modernisation.
- 3.12 There are risks also associated with not proceeding with the Project, for example
- (a) The NNI and Children's Centre monies may be lost from this location
 - (b) Brent's reputation with the Department for Education and Skills may suffer, thereby jeopardising future projects here and elsewhere
 - (c) Brent will lose credibility with its development partners and stakeholders in South Kilburn.
- 3.13 The costs of the Initial and Lead Consultants will be covered by the project funding, and will be subject to normal procurement processes.

4.0 STAFFING IMPLICATIONS

- 4.1 In order to manage those elements of the project for which the Council will be responsible, and to coordinate delivery with the Primary Care Trust and other partners, a Lead Consultant will be appointed by the Education, Arts and Libraries Department.

5.0 LEGAL IMPLICATIONS

- 5.1 The Council may grant a lease for seven or more years pursuant to its powers under Section 123 of the Local Government Act 1972 provided that it obtains best consideration for the grant of that lease.
- 5.2 If the Council cannot show that it has obtained best consideration, as would appear to be the case here given the site has not been marketed and there is only one prospective Lessee, then the consent of the Secretary of State is required. There is a general disposal consent that permits a disposal at an under value provided that the difference in price is less than £2 million and the authority are disposing of it to secure the promotional improvement of the economic, social and environmental well-being of its area. The Council must also have regard to its community strategy and this disposal ties in with that strategy by virtue of the regeneration and partnering proposals which are at the heart of the proposed re-development.
- 5.3 In the event that consent is given to the disposal at an undervalue, Members must still exercise their fiduciary duty and consider whether the Council does in fact want to dispose of this site at an undervalue and weigh up the community benefits against the potential capital receipt it will forego.

- 5.4 The proposal to build out the ground and first stories and carry out the works generally requires planning permission, which has been granted subject to conditions.
- 5.5 It will be necessary to ensure that the occupiers of the premises give vacant possession of the areas occupied by them prior to commencement of the works in order that there are no delays to the start of the contract and there is no possibility of any claim by occupants for disturbance.
- 5.6 As the Council is dependent on external funding streams for the payment to the contractor the Council must ensure it has agreements with the funders in place to enable it to call on them for payment. As these are grant funded works there will be outputs dependent on the grants and there is the possibility of clawback of grant money if the project fails or outputs are not met. This is a risk the Council will have to bear, but should be able to minimise if the project is closely supervised.
- 5.7 The Council will need to have in place the following agreements:
- Contract for works
 - Agreement for lease with PCT
 - Consultancy management contract
 - Funding agreements
- 5.8 Insofar as the contract for refurbishment is concerned, this is to be a high value contract for the purposes of Council Standing Orders and in order to tender and invite expressions of interest, the Executive must give approval. The final award must also be approved by the Executive. The report placed before the Executive seeking such approval must comply with Standing Orders 89 and 90 of the Contract Standing Orders and contain the relevant information required under those Standing Orders unless they are waived.
- 5.9 As the works are for less than £3,861,932, the tendering of the works is not subject to the full European Union Procurement Rules.
- 5.10 The advertisement for the works was placed by the PCT, at the time it was believed that the PCT would deal with the reconstruction of the premises through a building lease. This has not proved possible and there are time constraints on spending the money that do not permit repeating the procurement process from scratch.
- 5.11 The PCT process in accordance with their standing orders is the same as the Council's to the extent they advertised in a construction journal and a local paper with the Council's standing orders (SO 97 (c) (i)) and they included a prequalification questionnaire. The second stage of the process has not yet commenced and the pre qualification questionnaires have not yet been evaluated. What is therefore proposed is that Council officers take over the process, evaluate the questionnaires and issue an invitation to tender in accordance with standing orders (SO 90 et seq.)
- 5.12 Para 7.9 of the report details the extent to which pre tender considerations under SO 90 have been met and Members are asked to waive standing orders to the extent necessary to take the process forward in accordance with SO 85, the financial and operating reasons being that the project has been delayed to the extent that unless a

start is made by the end of the Financial year funding streams of nearly £1m are at risk which means that a Council building will not be refurbished to bring it up to compliance with modern standards and there will be no improvement in nursery and other services in an already deprived area. The detail in the report explains the position.

- 5.13 It is not anticipated that there will be any TUPE implications in the letting of this contract or the granting of leases as no staff will be transferring employment and there will be no transfer of undertaking.

6.0 DIVERSITY IMPLICATIONS

- 6.1 The proposals in this report have been subject to screening and officers believe that there are no diversity implications arising from it. The proposed development will be of particular benefit to parents of young children in the South Kilburn area.

7.0 DETAIL

Re-development proposals

- 7.1 Granville Plus is the working title for a proposed project to re-develop the Granville Centre. The aim of the project is to "... create a sustainable, multi-purpose community centre that enhances current service provision, 'owned' by, and serving the South Kilburn community." The partners involved in the project are South Kilburn New Deal for Communities, South Kilburn Sure Start (whose accountable body is Brent PCT), Carlton Nursery, and the Education, Arts & Libraries department of the Council.
- 7.2 The centre currently houses a variety of services and organisations, including the Youth Service, a community café, several church groups, a Sunday social club, and a club for children educated at home. There is also a wide range of one off functions including weddings and funerals. The Granville Centre provides a series of different sized community spaces that are seen as a valuable resource by the local community, and it is clear that local people have affectionate feelings towards it. The proposals have been designed with this in mind, as well as with the need to provide improved accommodation in the long term for the existing occupants. It is not known at present whether or when parts of the Centre will need to close during the works, as this will be dependent on the programme of the successful contractor. There may be some disruption to, or displacement of, some or all of the existing occupants while the works are carried out. It is anticipated that works to the nursery will take place over the school holidays in order to minimise disruption.
- 7.3 As part of the master-planning exercise for South Kilburn, the planning consultants (MACE) were asked to assess four sites for their suitability for locating Sure Start services. The exercise concluded that refurbishment and extension of the Granville Centre was the most viable of the alternatives.
- 7.4 The location of Sure Start services within the centre will complement its existing uses. The bulk of the Sure Start services currently located at Canterbury Rd will re-locate to Granville Plus. Canterbury Rd will, however,

remain as a satellite office for the remainder of its lease period (7 years) and will house the outreach service that will be displaced by the re-development of Carlton Nursery. Taken together with the Council's aspirations to develop a Children's Centre, and with the services offered by BACES in the Carlton Centre next door, the scheme will offer unparalleled opportunities for the holistic delivery of integrated services to children, young people and their families in the South Kilburn area.

7.5 In 2003, Anne Thorne Architects Partnership was appointed by the Client Partnership to carry out a feasibility study, during the course of which extensive consultation took place with a range of stakeholders. These included existing tenants and users, nursery staff and parents, Youth Service staff, the Sure Start Parents Council, Council officers, the Chief Executive and Deputy Chair of South Kilburn NDC, and the South Kilburn master planners SEH. An analysis of existing use by space and time has also been carried out to inform the design proposals. Liaison has additionally taken place with the architects working on the refurbishment of the Carlton Centre next door, funded by the Learning and Skills Council.

7.6 A planning application for the development was submitted in October 2003 and was considered by the Planning Committee on 14th January 2004 under the reference 03/2942. The proposals encompass:

- a new central reception
- an extended nursery, linked to the existing provision, providing an additional 41 full daycare places for under 5 year olds
- a new home for Sure Start community activities, crèche, shared staff base, Sure Start offices and facilities
- a showcase for sustainable building techniques, materials and energy supplies that could be used in the new housing in South Kilburn
- improvements to the fabric and accessibility of the existing building so that community and youth services can be better delivered. Space for all existing tenants is to be maintained.
- landscaped external play facilities and garden signage and external visual works that will give both the Granville and Carlton centres a unified identity.

The planning application was approved by the Planning Committee subject to conditions.

7.7 The new extension provides nursery spaces and Sure Start offices and a main entrance to the centre on Carlton Vale. The reception 'hub' faces three ways: to the new main entrance, to the opened up Granville centre, and across an internal courtyard to the Granville Rd entrance, which has a new canopy onto the street. The exhibition space within which the reception will be based provides an opportunity to explain to residents a sustainable approach to housing and construction. Landscape proposals include the re-design of the nursery playground to provide external play for the additional children, an external paved area to the basement café, and an improved garden with planted, paved and seating areas, accessible for those with sensory and mobility impairments.

7.8 Proposed agreement -It is proposed that the PCT take a lease for 30 years at a peppercorn rent without review, of the newly built out first floor and other relevant parts of the premises to provide facilities as described in the Planning Consent The lease will be on terms agreed by the Manager Corporate Property Services and will impose a pro-rata service charge to cover repairs, insurance, services, the operation of entrance facilities etc. The leased areas may only be used for the specifically approved purposes, and will not be assignable other than to a successor body of the PCT to ensure compliance with project outputs. Each party shall bear their own costs.

7.9 Set out below is the extent to which the procurement exercise undertaken by the PCT has complied with Contract Standing Orders 89 and 90, pre-tender considerations.

Ref.	Requirement	Response
(i)	The nature of the service.	The procurement of a building contract
(ii)	The estimated value.	£ 2.3 Million (two million three hundred thousand pounds) [value over the period of the contract including any extensions provided for under the contracts].
(iii)	The contract term.	Fifteen months (State initial period and any potential extension for supplies and services. In the case of works indicate intended commencement date.) Work to commence as soon as tender received and legal and contract documentation completed.
(iv)	The tender procedure to be adopted.	2 stage procedure : 1) expressions of interest, and 2) qualifying, short listed contractors invited to tender

(v)	The procurement timetable.	Indicative dates are: <input checked="" type="checkbox"/> Adverts placed <input checked="" type="checkbox"/> Expressions of interest returned <input type="checkbox"/> Shortlist drawn up in accordance with the Council's approved criteria <input type="checkbox"/> Invite to tender <input type="checkbox"/> Deadline for tender submissions <input type="checkbox"/> Panel evaluation and shortlist for interview <input type="checkbox"/> Interviews and contract decision <input type="checkbox"/> Report recommending Contract award circulated internally for comment <input type="checkbox"/> Executive approval <input type="checkbox"/> Contract start date	08 & 09 October 2003 02 December 2003 February 2004 Mid February 2004 Early March 2004 Mid March 2004 By 19 March 2004 March 2004 29 March 2004 April 2004
(vi)	The evaluation criteria and process.	Shortlists are to be drawn up in accordance with the Council's Contract Management Guidelines namely the pre qualification questionnaire and thereby meeting the Council's financial standing requirements, technical capacity and technical expertise. The panel will evaluate the tenders against the following criteria: contractors experience and ability to deliver, competitiveness of price.	
(vii)	Any business risks associated with entering the contract.	[No specific] [The following] business risks are considered to be associated with entering into the proposed contract. [Identify risks if any] Financial Services and Legal Services have been consulted concerning this contract [and have identified the risks associated with entering into this contract set out sections [] and [] of the report.]	

(viii)	The Council's Best Value duties.	Will be followed
(ix)	Any staffing implications, including TUPE and pensions.	See section [] above None
(x)	The relevant financial, legal and other considerations.	See sections [3.0] and [5.0] of the report

8.0 BACKGROUND INFORMATION

The following papers were used in the compilation of this report:-

- i) Anne Thorne Architects Partnership, Granville Plus, South Kilburn, Feasibility Study, July 2003
- ii) Planning application, 03/2942
- iii) Brent Children's Centres Strategic Proposal

Any person wishing to inspect the above papers should contact Karen Tyerman, Assistant Director, Education, Arts and Libraries, Chesterfield House, 9 Park Lane, Wembley, Middlesex HA9 7RW. 020 8937 3146.

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