



Cabinet
24 July 2017

**Report from the Strategic Director of
Regeneration & Environment**

Wards affected: Kilburn

Approval to procure a Multi-Disciplinary Design Team for Neville House, 1-64 Winterleys and 113-128 Carlton House and Carlton Hall, as part of Phase 4 of the South Kilburn Regeneration Programme

1 Summary

- 1.1 The regeneration of South Kilburn is a fifteen year programme that is approximately half way through. It aims to transform the area into a sustainable and mixed neighbourhood and create a real sense of place and belonging. The programme will deliver around 2,400 new homes of which 1,200 will be made available for social rent for existing South Kilburn, secure council tenants. To date 1073 new homes have been delivered with 60% (639) new homes having been made available for existing secure tenants of South Kilburn. Woodhouse Urban Park was opened to the public in May 2016 and South Kilburn residents are able to utilise St Augustine's Sports Hall.
- 1.2 The Council's objective is to provide high quality new homes with values driven from market sales in order to maintain the viability of the Regeneration Programme in the long-term, and to achieve a substantial improvement in the living conditions of existing South Kilburn secure Council tenants.
- 1.3 The South Kilburn Masterplan review took place in 2016, and the community are at the heart of our decision making process. We have taken an inclusive and participatory approach to consultation and engaged with residents and stakeholders of South Kilburn with extensive local consultation from July through to December, which directly fed into the drafting of a revised South Kilburn Supplementary Planning Document 2017 (SPD). The SPD was adopted by Cabinet on the 19 June 2017 and will be an important document in determining how this area continues to transform over the next 10-15 years.
- 1.4 The South Kilburn Regeneration Programme also includes the delivery of a new larger high quality urban park and an improved public realm, a new local primary school, new health facilities, new retail facilities, an Enterprise Hub and Community Space, improved environmental standards and a South Kilburn District Energy System. The South Kilburn Programme has been recognised for exemplar design for new build homes as well as landscape projects and has won a number of prestigious awards.

- 1.5 This report seeks Cabinet approval to a procurement strategy for the appointment of an architecturally led multidisciplinary design team for the comprehensive redevelopment of Neville House, 1-64 Winterelys and 113-128 Carlton House and Carlton Hall, being part of Phase 4 of the South Kilburn regeneration programme and together defined as the Existing Site. (See appendix 1 – Existing Site Plan) *please note the development boundary between points A and B on the plan is at present indicative only, and may be subject to adjustment following detailed design work.*

2 Recommendations

That Members:

- 2.1 Approve the procurement of an architecturally led multidisciplinary design team to develop up to and including a RIBA Stage 3 detailed planning application and specification, with the option of taking the design to RIBA Stage 4, for comprehensive redevelopment of Neville House, 1-64 Winterelys and 113-128 Carlton House and Carlton Hall by either:
- i) Calling off an appropriate OJEU compliant framework; and evaluating those tenders in accordance with the relevant Framework; or alternatively;
 - ii) Inviting tenders using a restricted procedure under the Public Contracts Regulations 2015 on the basis of the pre-tender considerations set out in paragraph 5.4, of this report and evaluating the tenders on the basis of the evaluation criteria set out in Appendix 2;
- 2.2 Delegate to the Strategic Director of Regeneration and Environment in consultation with the Lead Member Regeneration, Growth, Employment and Skills, the decision as to the procurement options detailed in paragraph 2.1 above for the reasons detailed in paragraph 3.8.
- 2.3 Note the intention to report back to Cabinet to seek approval to award the proposed contract, once a preferred design team has been identified.

3 Detail

Background

- 3.1 South Kilburn Estate is an amalgam of Council residential blocks from the 1950's and 60's including a number of different post-war social housing typologies in poorly designed and low quality physical environment. The estate is located in the south of the borough and sits between Kilburn High Road to the east, Queen's Park to the north-west and extends towards Maida Vale in the south. It is the Southern-most part of Brent and shares a boundary with the City of Westminster. It is an area surrounded predominantly by privately-owned terraced Victorian and Edwardian housing that command high values. The over and underground facilities of Queen's Park and Kilburn Park stations and Kilburn High Road over ground station lie close to the estate's borders.
- 3.2 The estate is the largest concentration of social housing in Brent and amongst the largest in London. Much of the housing suffers from inherent internal design

problems and the relationships between buildings, streets and spaces are poor and indeterminate. The area is not amenable for maintenance or improvement and as a whole the estate presents significant management challenges. These physical conditions manifest themselves in some of the highest levels of social and economic exclusion in the borough (and are amongst the highest in the country).

- 3.3 Neville House, 1-64 Winterleys and 113-128 Carlton House are more of the traditional 1950's Council blocks. Winterleys is a 12 storey block which now faces on to Woodhouse Urban Park, but is currently separated from the park by surface car parking. Neville House is a four storey block. Carlton House is a four storey residential block. Much of the development has poor definition of public and shared space and presents inactive frontages to the street and surrounding areas; Carlton Hall is a one storey detached community space currently occupied by the South Kilburn Trust.
- 3.4 A key principle of the phasing strategy for the South Kilburn regeneration programme is that the new affordable homes developed on each site will, where the relevant needs are met, be made available to existing secure tenants within sites earmarked for development in the next phase.
- 3.5 The extent of the regeneration to date has transformed part of the estate; South Kilburn is changing for the better and this additional project will bring forward further improvements to the physical area that is South Kilburn. Officers intend to procure a design team to prepare a RIBA 3 detailed planning application and specification, with the option of taking this to RIBA Stage 4 (Technical Design), for the comprehensive redevelopment of Neville House, Winterleys and Carlton House, to deliver a high quality residential development and public realm. This would help to ensure that there continues to be a pipeline of developments in South Kilburn, so that the delivery of much needed new homes in South Kilburn can continue at pace so as to meet the programme decant requirements and Masterplan timelines, which are highlighted in the South Kilburn Supplementary Planning Document 2017 approved at June Cabinet.
- 3.6 Prior to appointing the design team, officers will carry out feasibility work to refine the scope of the brief.
- 3.7 The procurement of a design team to RIBA 3 to develop a detailed planning application and specification, with the option of taking the design to RIBA Stage 4 (Technical Design), for the comprehensive redevelopment of Neville House, 1-64 Winterleys and 113-128 Carlton House and Carlton Hall will be undertaken by either:
 - i) Calling off an appropriate OJEU compliant framework; or alternatively
 - ii) Inviting tenders using a restricted procedure under the Public Contract Regulations 2015 ("PCR 2015") on the basis of the pre-tender considerations set out in Appendix 2, commencing by placing a notice in the Official Journal of the European Union (OJEU).
- 3.8 The procurement may not be commenced immediately as the options to procurement will be reviewed by officers. However to allow the project to commence this year Member level authority is being sought at this stage to the strategic decision to initiate this procurement with the technical decision on which of the procurement options to select to be taken by the Strategic Director

of Regeneration and Environment in consultation with the Lead Member closer to the likely date for commencement of the procurement. Officers will carry out feasibility work to include reviewing all existing and new frameworks that are currently being let before deciding the best procurement route to take.

- 3.9 Should calling off an appropriate framework, be the preferred procurement route, officers will conduct a mini-competition and delegate authority to award a contract with the successful tenderer to the Strategic Director of Regeneration and Environment in consultation with the Portfolio Holder for Regeneration, Growth, Employment and Skills, once a preferred design team has been identified.
- 3.10 Should using a Restricted procedure under the PCR 2015 be the preferred procurement route, in accordance with Contract Standing Orders 88 and 89, pre-tender considerations have been set out at Appendix 2, for the approval of the Cabinet.
- 3.11 The Cabinet is asked to give its approval to these proposals as set out in the recommendations and in accordance with Standing Order 89 (Appendix 2).

4 Financial Implication

- 4.1 The financial model for the South Kilburn regeneration programme is to be self-financing within the funding envelope generated from on-going disposals. The capital receipts generated are reinvested back into the South Kilburn regeneration programme, to enable the rolling regeneration programme that delivers new homes.
- 4.2 The South Kilburn model has traditionally worked through a process of procuring delivery partners, who develop an existing site and generate high value properties. In return for this site, they build affordable and social housing, while also delivering capital receipts to support the capital programme. There is sufficient space in the budget to cover the cost of this contract in 2017/18.
- 4.3 Irrespective of the procurement process to be undertaken, it is anticipated that the value of the proposed contract will be in excess of £500k and thus classed as a High Value Contract under the Council's Standing Orders and Financial Regulations.
- 4.4 Therefore approval is being sought from Members to proceed with the procurement and award the proposed contract, once a preferred design team has been identified. The estimated cost to appoint a design team can be resourced from the South Kilburn programme budget. Depending on market conditions, it should be possible to recoup this cost when the redevelopment of Neville House, 1-64 Winterleys and 113-128 Carlton House and Carlton Hall site disposal takes place.

5 Legal Implications

- 5.1 As detailed in Recommendation 2.1, the options currently being considered by Officers for the procurement of a multi-disciplinary design team are either the use of a framework or procurement by way of a restricted procedure under the Public Contracts Regulations 2015 (PCR 2015).

- 5.2 The Council's Contract Standing Orders state that no formal tendering procedures apply where contracts are called off under a framework agreement established pursuant to PCR 2015 by another contracting authority and where call off under the framework agreement is recommended by the relevant Chief Officer (to include confirmation that there is sufficient budgetary provision for the proposed call-off). However, this is subject to the Chief Legal Officer advising that participation in the framework agreement is legally permissible and approval to participate in the framework being obtained from the Chief Legal Officer. Should calling off the an appropriate OJEU PCR 2015 compliant framework be the preferred procurement route, the Council would be required to operate a mini-competition in accordance with framework rules, to include evaluation using the criteria specified in the framework. Following the operation of a mini-competition the Council would be required to operate a mini-competition in accordance with framework rules, to include evaluation using the criteria specified in the framework. Following the operation of a mini-competition Cabinet approval is required for the award of a High Value Contract.
- 5.3 Should the use of the restricted procedure under the PCR 2015 be the preferred procurement route, the procurement will be subject to the Council's Contract Standing Orders applicable to High Value Contracts as the estimated value of the contract is over £500k. Accordingly, the Cabinet must approve the pre-tender considerations set out in Appendix 2 (Standing Order 89) and the inviting of tenders (Standing Order 88). Once the procurement process has been undertaken under the PCR 2015, officers will report back to the Cabinet in accordance with Contract Standing Orders, explaining the process undertaken in tendering the contracts and recommending award.
- 5.4 Given the value of this proposed procurement over its lifetime is higher than the EU threshold for Services, the procurement of the contract is governed in full by the PCR 2015. Should the use of the Restricted procedure under the PCR 2015 be the preferred procurement route, the Council must observe the requirements of the mandatory minimum ten calendar days standstill period imposed by the PCR 2015 before the contract can be awarded. The requirements include notifying all tenderers in writing of the Council's decision to award and providing the prescribed information which includes the reasons for the decision and the characteristics and relative advantages of the winning bid. The standstill period provides unsuccessful tenderers with an opportunity to challenge the Council's award decision if such challenge is justifiable. However if no challenge or successful challenge is brought during the period, at the end of the standstill period the Council can issue a letter of acceptance to the successful tenderer and the contract may commence.

6 Equality Implications

- 6.1 The new affordable homes in South Kilburn are available to all secure tenants currently living in properties due for demolition as part of the South Kilburn regeneration programme within the neighbourhood. In regards to Neville House, 1-64 Winterleys and 113-128 Carlton House and Carlton Hall, secure tenants will be offered the opportunity to move into new affordable (social rent) units elsewhere within the South Kilburn Regeneration Programme area.
- 6.2 Every effort should be made to provide the secure tenants with suitable alternative accommodation and to reach mutually acceptable agreements with the leaseholders to buy their properties without seeking legal action. When

identifying the options and alternatives put forward, the Council should proactively engage with affected residents and leaseholders.

- 6.3 As with all other schemes that are part of the South Kilburn regeneration programme, full consideration must be given to residents and leaseholders with protected characteristics, particularly people with disabilities and / or other types of vulnerabilities due to older age, childcare and/or caring responsibilities, socio-economic status (lone parents and large families).

Race / Ethnicity

- 6.4 Due to the ethnicity profile of the area, full consideration must be given to the impact on black, Asian and minority ethnic individuals/groups. The Council must also ensure that the options put forward to secure residents and leaseholders, so far as possible, provide reasonable and affordable alternatives that enable them to remain in the area and maintain their family and community ties, as per Article 1 of the First Protocol and Article 8 of the European Convention on Human Rights.

Age/Carers/Disability/Pregnancy and maternity

- 6.5 The requirements for anyone who is older or with a disability, or those who are pregnant or on maternity to have to move from their current property (residential or commercial property) is likely to be more difficult and could suffer greater psychological effects, including stress. (This in turn has an impact on carers).
- 6.6 To mitigate this, for the secure tenants who are moving, the re-housing team provides help to secure tenants through the moving process, additional support and services to those who require it can be provided.
- 6.7 Resident leaseholders may be affected if they are seeking to acquire a similar sized property in the surrounding area as the value for a Local Authority property tends to be less than a non-Local Authority property. To counteract this resident leaseholders have been offered the option of shared-equity on the South Kilburn Estate. For those who move off the estate, they may have to increase/get a new mortgage agreement which could be difficult for older residents or those with caring/dependant children responsibilities. The Council is also in the process of recruiting an estate regeneration leaseholder liaison officer which will assist leaseholders by providing support and guidance as to the options available to relocate or sell their property

7 Staffing/Accommodation Implications

- 7.1 There are no specific implications for Council staff or accommodation associated with the proposals contained within this report.

8 Public Services (Social Value) Act 2012

- 8.1 The Council is under duty pursuant to the Public Services (Social Value) Act 2012 ("the Social Value Act") to consider how services being procured might improve the economic, social and environmental well-being of its area; how, in conducting the procurement process, the council might act with a view to securing that improvement; and whether the council should undertake consultation.

- 8.2 It is considered that the services being procured will have the effect of improving the economic, social and environmental well-being of residents of South Kilburn through the development of this site. The new homes will improve living conditions of residents of South Kilburn.
- 8.3 Officers will also have regard to the Social Value Act in its procurement of a multi-disciplinary design team and seek to implement Social Value considerations where permitted an Equality Impact Assessment will be done and reported to Members when the Council is in a position to proceed with the procurement of a construction contract.

9 Background Papers

Appendix 1 – Existing Site Plan

Appendix 2 –Pre-tender considerations

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