

	Officer Key Decision
	Report to the Strategic Director of Regeneration and Environment
AUTHORITY TO AWARD A DELIVERY CONTRACT FOR PHASE 2 WORKS OF THE REGENERATION OF THE CARLTON AND GRANVILLE CENTRES	

Wards Affected:	Kilburn
Key or Non-Key Decision:	Key Decision
Open or Part/Fully Exempt: <small>(If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)</small>	Part Exempt: Appendix 2 is not for publication as it contains the following category of exempt information as specified in Part 3, Schedule 12A of the Local Government Act 1972, namely: "Information relating to the financial or business affairs of any particular person (Including the authority holding that information)"
No. of Appendices:	Appendix 1- Award scoring report Appendix 2- Guildmore cost and pricing schedule (exempt from publication)
Background Papers:	▪
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1.0 Purpose of the Report

- 1.1 This paper seeks approval to appoint a contractor to undertake the works for Phase 2 of Carlton and Granville regeneration project, as required by Contract Standing Order 88. This report summarises the process undertaken in tendering this contract and, following the completion of the evaluation of the tenders, recommends to whom the contract should be awarded. The Strategic Director for Regeneration & Environment has been delegated authority for this approval via recommendation 2.4 of the South Kilburn Regeneration Programme April 2021 Cabinet report.

2.0 Recommendation(s)

That the Strategic Director of Regeneration and Environment in consultation with the Lead Member for Regeneration, Property and Planning:

- 2.1 Approves the award of a works contract for £16.28m to Guildmore Limited to deliver the planned regeneration improvements at the Carlton & Granville Centres.
- 2.2 Notes the proposed funding arrangements across different sources as presented in section 5.

3.0 Background

- 3.1 The regeneration of the Carlton and Granville centres (the “Centres”) is within Phase 4 of the South Kilburn Estate Regeneration programme.
- 3.2 Phase 1 involved moving the South Kilburn Trust (SKT) into the Centres and creating an Enterprise Hub.
- 3.3 Phase 2 seeks to secure the long-term future of the buildings, involving:
 - Partial demolition of existing structures.
 - Refurbishment of the Centres.
 - Construction of three buildings ranging from one to eight storeys, creating a mixed-use development of homes, community facilities, offices, and workshops.
- 3.4 The scheme benefits are:
 - 18 Council homes for South Kilburn tenants.
 - An increase of over 500m² of affordable workspace.
 - Enhanced community space via two new community halls.
 - Improved facilities for the Granville Plus Nursery School and Family Wellbeing Centre.
 - Outdoor amenity areas - community gardens and cycle storage.
- 3.5 Cabinet considered this scheme in detail in March 2019 and agreed the following recommendations:
 - To approve the continuation of Phase 2 of the project at the Carlton and Granville Site in South Kilburn to planning submission on the basis of the design option presented at paragraphs 5.2.5 – 5.2.7 of the March 2019 report.
 - To agree to engage with South Kilburn Trust regarding possible future management arrangements of the Carlton/Granville Centres.
 - To note that Property Services will immediately engage with ULFA as set out in paragraph 10 below and to trigger the break clause as set out in the lease.

- To agree in principle that funding will come from different sources as set out in appendix 2 with the intention to seek Cabinet approval to enter into any necessary agreements with GLA or SKT in due course.
- 3.6 The recommended design option of the March 2019 Cabinet paper involved 23 new Council homes. This has subsequently been reduced to 18 Council homes following a recommendation from the Resources and Public Realm Scrutiny Committee that the scheme should provide more large family units.
- 3.7 The accommodation comprises: 4 x 1 bed, 3 x 2 bed, 4 x 3 bed, 7 x 4 bed. Indicative housing rent levels is provided at paragraph 5.7.
- 3.8 The scheme received planning permission in January 2020.
- 3.9 The project was awarded a £7.75m grant from the Government's Levelling Up Fund (LUF) in October 2021. Further information on the LUF award and other grant contributors can be seen in section 4.

4.0 Detail

Contract award to Guildmore

- 4.1 A notice for this project was published on the Government's 'Find a Tender Service' (FTS) portal in June 2021.
- 4.2 Interested companies were requested to participate in a 'Selection Questionnaire' (SQ) process as a way of finding up to five suitable suppliers to go through to the full Invitation to Tender stage.
- 4.3 Bidders had to demonstrate their relevant experience with key elements that matched the size and scale of this project, including:
- Ability to deliver social housing;
 - Ability to carry out refurbishment, and where possible relating to sites, which were either of historical, architectural or local interest;
 - Ability to work in a live environment with existing stakeholders remaining on site;
 - Ability to carry out careful traffic management, and work with other live construction sites nearby.
- 4.4 Eleven SQ responses were received. Five bidders were taken through to the final ITT stage, which formally began on 27th of August 2021.
- 4.5 The evaluation criteria for the Invitation to Tender process was as follows:

Area	Area Weighting	Overall Weighting
Technical / Quality		
Delivery statement	30%	
Programme	22.5%	

Resources	17.5%	35%
Working in a live environment and with Key Stakeholders	15%	
Traffic Management	10%	
Sustainability	5%	
Total for Technical/Quality	100%	
<u>Social Value</u>		
Strong Foundations	2%	10%
Every Opportunity to Succeed	3%	
A future built for everyone, an economy fit for all	3%	
A cleaner, more considerate Brent	2%	
<u>Commercial- Cost</u>		
Commercial (Price)	100%	55%
Total		100%

- 4.6 Four of the five remaining bidders pulled out of the procurement. This was due to not having the adequate resources to pull together a compliant bid, winning tenders elsewhere, supply chain disruption, and Covid issues.
- 4.7 Guildmore Limited submitted a bid on the 29th of November 2021.
- 4.8 The evaluation panel consisted of Officers from the South Kilburn Regeneration Team and the Family Wellbeing Centre. The representative from the Family Wellbeing Centre received support from members of the 'Key Stakeholders Group', demonstrating Brent Council's commitment to active community involvement.
- 4.9 The award scoring report and analysis is attached as **Appendix 1**.
- 4.10 A review report of Guildmore's pricing submission has been completed by the project's quantity surveyor / employers agent. From this, officers are satisfied that the bid satisfies the needs of the project and represents value for money. The subsequent recommendation is to award Guildmore Limited.
- 4.11 Project delivery is forecast to take three years. There will be a phased development approach to meet stakeholder needs while they remain on the site. The overall completion is due for spring 2025.

Levelling Up Fund

- 4.12 The project was allocated £7.75m through the Government's Levelling Up Fund. Spend must begin by April 2022 and it needs to be spent by the end of the 2024/2025 financial year, although the project needs does not need to be completed by this time.
- 4.13 Project completion is however forecast for around the end of the 2024/25 financial year.

- 4.14 A Memorandum of Understanding will be in place between the Council and the Department for Levelling Up, Housing and Communities. The Chief Finance Officer, in line with the Council's Standing Orders, can sign this to ensure that the first payment is received in line with the Government's timetable.
- 4.15 The South Kilburn Regeneration Team, working with finance colleagues, will be responsible for leading the ongoing quarterly and half-annually monitoring and evaluation requirements as part of the Levelling Up Fund. Impact evaluations and case studies will be formulated as the project develops.

GLA contribution

- 4.16 A GLA '2021-2026' Affordable Homes Grant was confirmed for £3.04m. This was above the £1.8m that was originally forecast.

South Kilburn Trust contribution, drawdown, and new lease terms

- 4.17 The South Kilburn Trust has made an in principle commitment to provide £2m (split as £1.75m capital, and £0.25m as revenue for ongoing management). This commitment was to secure a long-term facility for the Trust.
- 4.18 This contribution is subject to their Trust's agreement, and is contingent on agreed Heads of Terms for the lease. Discussions on this are ongoing, with agreement contingent upon Cabinet approval.

5.0 Financial Implications

- 5.1 The proposed award value to Guildmore is £16.28m, as per **Appendix 2 pricing schedule (exempt)**. A further £1.8m has been earmarked as a contingency amount (totalling £18.08m). Given the complexity of the project, level of refurbishment involved, age of the buildings, existing stakeholder considerations, and general rises in inflation / supply chain disruption, this amount is considered reasonable.

- 5.2 The March 2019 Cabinet paper proposed funding for the project to be split across various partners:

<u>Contributor</u>	<u>Amount</u>
Brent	£6.8m
GLA (housing grant)	£2.3m
GLA (Good Growth Fund)	£2.0m
South Kilburn Trust	£1.5m
Total for buildings A-E	£12.6m

- 5.3 Since then changes have occurred and more detail is known about the project's preliminaries, overheads, and contingencies that were not known in March 2019, nor accounted for in the £12.6m budget.

- 5.4 The increased overall budget of £18.08m will be approved through 2022/23 capital budget setting process. This includes the £7.75m received from the Levelling Up Fund.
- 5.5 Due to the higher than anticipated GLA housing grant contribution by a further £1.24m, Brent's contribution is expected to decrease once all funding sources are confirmed.

<u>Contributor</u>	<u>Expected</u>	<u>Confirmed</u>
Brent (Capital Funding)	£5.54m	£6.8m
GLA (housing grant)	£3.04m	£3.04m
Brent (unallocated reserve)	£0	£0.49m
South Kilburn Trust	£1.75m	£0m
Levelling Up Fund	£7.75m	£7.75m
Total	£18.08m	£18.08m

- 5.6 The South Kilburn Trust's board confirmation is dependent upon agreement on the terms of a new lease. The board will meet in February 2022 to discuss this matter.
- 5.7 As a result, Brent's contribution would remain what was originally approved, whilst the agreement with the South Kilburn Trust is finalised.
- 5.8 Prior to the successful acquiring of £7.75m from the Levelling Up Fund, an unused and unallocated £0.49m reserve within the Regeneration budget had been earmarked for this project. In order to maintain the level of secured funding at around £18.1m for contingency purposes, this £0.49m is due to be brought back into the project.
- 5.9 Payments from the Government's Levelling Up Fund will be made to the Council every six months. The first payment will be made in February 2022; the final payment will occur in the 2024/2025 financial year.
- 5.10 Subject to agreement, the South Kilburn Trust will provide their instalments to the Council at designated stages once the wider agreement is in place. The GLA drawdown will begin from the start of the 2023/24 financial year.
- 5.11 Guildmore has passed the financial standings check completed by the councils on large contracts awarded.

6.0 Legal Implications

- 6.1 The value of this contract over its lifetime is in excess of the Public Contracts Regulations 2015 (the "PCR 2015") threshold for Works and the award of the contract is therefore governed by the PCR 2015. The contract has been procured in accordance with the restricted procedure under the PCR 2015.

- 6.2 The award of the contract is subject to the Council's own Standing Orders and Financial Regulations in respect of High Value Contracts. Given the value of the contract, Cabinet approval to award is ordinarily required but in April 2021 Cabinet delegated authority to the Strategic Director of Regeneration and Environment in consultation with the Lead Member Regeneration, Property and Planning to award contracts within Phases 3b – 8 within the South Kilburn Programme. As detailed in paragraph 3.1, the Centres are within Phase 4 and the Strategic Director of Regeneration and Environment therefore has delegated power to award the contract for Works.
- 6.3 The Council must observe the PCR 2015 relating to the observation of a mandatory minimum 10 calendar day standstill period before the contract can be awarded. Therefore once the Strategic Director has determined whether to award the contract, all contractors that expressed an interest in the procurement will be issued with written notification of the contract award decision. A minimum 10 calendar day standstill period will then be observed before the contract is concluded – this period will begin the day after all contractors are sent notification of the award decision – and additional debrief information will be provided to contractors in accordance with the PCR 2015. As soon as possible after the standstill period ends, the successful tenderer will be issued with a letter of acceptance and the contract can commence.
- 6.4 As detailed in the Financial Implications, funding for the proposed works to the Centres is from a number of sources. The Council will be required to enter into various grant funding and other agreements with the organisations providing such funding. Failure to observe the conditions of such agreements may require repayment of funding.

7.0 Equality Implications

- 7.1 The public sector equality duty, as set out in section 149 of the Equality Act 2010, requires the Council, when exercising its functions, to have “due regard” to the need to eliminate discrimination, harassment and victimisation and other conduct prohibited under the Act, to advance equality of opportunity and foster good relations between those who have a “protected characteristic” and those who do not share that protected characteristic. The protected characteristics are: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, and sexual orientation.
- 7.2 The proposals in this report have been subject to screening and officers believe that there are no adverse equality implications.
- 7.3 The improved and expanded facilities at the site will benefit various protected characteristics. For example, the Family Wellbeing Centre provide pre and post-natal care. These will be benefited by having a new and purpose-built space to conduct their services.

- 7.4 Furthermore, the new community halls will assist a wide range of groups by being affordable to hire at highly subsidised rates.
- 7.5 The delivery contract with Guildmore will also contain mandatory Social Value commitments, with a monetary value calculated as 10% of the contract value. The social value commitments were across strong foundations; every opportunity to succeed; a future built for everyone, an economy fit for all; and a cleaner, more considerate Brent.

8.0 Consultation with Ward Members and Stakeholders

- 8.1 This project has undergone extensive consultation with site users and occupiers. A 'Key Stakeholder Group', chaired by the Lead Member for Regeneration, Property and Planning', has been in operation since 2017 and has met over 25 times. Members of the group participated in the evaluation of the contractors bid.

9.0 Human Resources/Property Implications (if appropriate)

- 9.1 Brent will remain the freeholder for this site. It is anticipated that the management of the community and enterprise spaces will be on a lease to the South Kilburn Trust. Discussions on the terms are ongoing.
- 9.2 Brent Housing staff will be an important part of the necessary handover process for the 18 units and the general maintenance / cleaning afterwards.
- 9.3 There are no further immediate human resource or property implications.

Related documents:

- March Cabinet 2019- Carlton and Granville Centres Site- South Kilburn
- April Cabinet 2021 'South Kilburn Regeneration Programme: Approval of Procurement Processes for Future Phases and Associated Matters'

Report sign off:

Alan Lunt

Strategic Director of Regeneration and Environment