

 Brent	Decision of Cabinet Member for Housing, Regeneration, Planning & Growth
	Report from the Director Inclusive Regeneration & Employment
Authority to enter into a construction contract in respect of Ujima House following the detailed design and planning phase in accordance with paragraph 13 of part 3 of the constitution	

Wards Affected:	Wembley Hill
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 1 is exempt as it contains the following category of exempt information as specified in Paragraph 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 – Ujima House Contract Sum Analysis (exempt) Appendix 2 – WHZ Equalities Impact Analysis
Background Papers:	None
Contact Officer(s): <small>(Name, Title, Contact Details)</small>	Name: Jonathan Kay Job Title: Head of Regeneration Email: Jonathan.Kay@brent.gov.uk

1.0 Executive Summary

- 1.1 This report concerns a construction contract in respect of Ujima House, which forms part of the Wembley Housing Zone redevelopment.
- 1.2 This report requests approval to enter into a construction contract in respect of Ujima House with Wates Construction Limited for a sum of £23,596,598.

2.0 Recommendation(s)

That the Cabinet Member for Housing, Regeneration, Planning & Growth, having consulted with the Leader and in accordance with paragraph 13 of Part 3 of the Constitution, gives :

- 2.1 Approval to enter into a construction contract in respect of Ujima House with Wates Construction Limited for a fixed price contract sum of £23,596,598.

- 2.2 Approval to an increase in the contract sum in respect of Ujima House of approximately £4,456,817.
- 2.3 Approval to enter into a deed of variation to the Overarching Hybrid Development Agreement in respect of the Ujima House and Cecil Avenue sites, made between the Council, Wates Construction Limited and Wates Group Limited in order to extend the Delivery Partner Default date (in relation to Ujima House) from 13/07/2024 to 13/01/2025; the Estimated Practical Completion date from 13/02/2026 to 13/08/2026; and the Practical Completion Longstop Date from 13/11/2026 to 13/05/2027.

3.0 Detail

Contribution to Borough Plan Priorities & Strategic Context

- 3.1 Delivery and provision of the Ujima House redevelopment will directly contribute to Brent Borough Plan (2023-2027) strategic priorities as follows:

Prosperity and Stability in Brent : redevelopment of Ujima House will provide 100% affordable housing and contribute to the Council's ambition to provide safe, secure and decent housing for residents, and it's pledge to deliver 1,700 new Council homes by 2028. New commercial space in the scheme will accommodate business growth and employment.

A Cleaner, Greener Future : Climate Change mitigation and adaptation measures are incorporated within the Ujima House design strategy. Passive design measures, energy efficient services and renewable technologies result in significant carbon emission reductions for the project.

Thriving Communities : The Wembley Housing Zone regeneration will revitalise the eastern end of Wembley High Road with new high-quality housing, commercial spaces, community centre, publicly accessible courtyard, highways and public realm improvements, per the Borough Plan's vision.

Delivery of the Ujima House redevelopment and Wembley Housing Zone will also contribute to delivery of Brent's Local Plan (2019-2041), Inclusive Growth Strategy (2019-2040), Housing Strategy (2019-2024) and Climate & Ecological Emergency Strategy (2021-2030).

<https://www.brent.gov.uk/the-council-and-democracy/strategies-priorities-and-policies>

Background

- 3.2 Brent Council Cabinet on 16th August 2021 resolved to finance and procure a developer partner for approved schemes on council-owned sites at Cecil Avenue and Ujima House. The delivery strategy for the Council to retain the 50% affordable homes, commercial and community space, and the developer to build out and take private housing sales risk, was considered medium risk.

- 3.3 Brent Council awarded the Wembley Housing Zone (“WHZ”) contract to Wates Construction Limited (“Wates”) in the sum of £121.8m. The WHZ development agreement was signed on 13th March 2023 and went unconditional on 13th March 2024. Cecil Avenue will deliver 237 homes (37% affordable), Ujima House 54 homes (100% affordable). The Cecil Avenue JCT build contract was signed on 9th April 2024 in the sum of £102.3m and main works started. The Ujima House JCT build contract is drafted but not yet signed.
- 3.4 The WHZ development agreement sets the Ujima House original contract sum at £19,139,781, but allows for re-pricing following detailed design and planning, prior to finalising the Ujima House JCT build contract. The WHZ development agreement includes a pain / gain mechanism to split increases in costs between Wates and Brent Council.
- 3.5 Wates in July 2024 proposed Ujima House redevelopment costs of £25,893,431, significantly above the Ujima House original contract sum. Wates then reconciled and provided all tender packages to the Council and its employers agent on an open book basis, who reviewed and benchmarked the scheme. Brent Property team concurrently undertook market testing. Wates revised contract sum was considered value for money, in the main because under the WHZ development agreement pain gain mechanism Wates themselves must pay a share of the increased build costs. Officer assessment of other scenarios has included contractor re-procurement and scheme termination, concluding that in both scenarios the financial and other costs would outweigh proceeding with Wates.
- 3.6 Wates on 18/11/2024 proposed Ujima House redevelopment costs of £27,035,657 taking account of delays and identified ground risk. After the WHZ development agreement pain / gain mechanism is applied, this equates to a revised contract sum of £23,596,598 (inclusive of all Pre-Contract Services Agreement and early works costs). Brent employer’s agent has reviewed these costs and agreed them to be reasonable. In the circumstances, officers recommend approval to enter into a construction contract in respect to Ujima House with Wates at a fixed price contract sum of £23,596,598 (the “Contract”).
- 3.7 Given delays associated with demolishing Ujima House and entering into the JCT contract with Wates, per Recommendation 2.3 approval is sought to enter into a deed of variation to the Overarching Hybrid Development Agreement (“OHDA”) for the WHZ, to extend in relation to Ujima House the Delivery Partner Default date, the Estimated Practical Completion, and the Practical Completion Longstop Date.

4.0 Stakeholder and ward member consultation and engagement

- 4.1 Cabinet approved the preferred delivery option for the WHZ regeneration in August 2021. The Lead Member for Housing, Regeneration, Planning & Growth has been regularly briefed on the progress of the scheme.
- 4.2 Consultation events were held with residents and local stakeholders, including ward members and local schools, to inform designs for the two original planning schemes, which were also subject to statutory planning consultation. Detailed design and reserved matters planning for the Ujima House scheme was subject to further statutory planning consultation, including consultation events attended by ward councillors and local residents.

5.0 Financial Considerations

- 5.1 Brent Council Cabinet on 16th August 2021 approved a budget for the WHZ, which is considered sufficient to cover WHZ development costs, including the Ujima House revised contract sum. The budget includes £121.8m for development costs, plus budget for Council on costs and contingency. This paper's request for £4.45m for the Council's share of Wates' revised Ujima House redevelopment costs is within and will be met from the scheme's contingency budget. This increase of costs for Ujima House is partly offset by an extra £2m GLA grant that was issued in September 2024.
- 5.2 The costs of counterfactual scenarios of contractor re-procurement and scheme termination have been assessed by officers and deemed to outweigh proceeding with Wates. The additional costs of the programme will be incorporated into the wider scheme viability.

6.0 Legal Considerations

- 6.1 The value of the Contract 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 provisions of the PCR 2015. The authority to award report from 10th January 2023 outlines how the Contract was procured in accordance with the PCR 2015.
- 6.2 The Council entered into an OHDA with Wates Construction Limited and Wates Group Limited for the delivery of two sites in WHZ, as detailed in paragraph 3 above. Under the OHDA the contract for development of the first site (being Cecil Avenue) commenced following execution of the OHDA, with the contract for the second site (Ujima House), to commence on service of a Notice to Proceed by the Council to the Delivery Partner, namely Wates, following satisfactory completion of the preconstruction services (for the second scheme) by the Delivery Partner. The pre-construction services have been completed and the Council is satisfied with the Delivery Partner's provision of the pre-construction services, the resultant proposals and contract sum for the second site. The uplift in the contract sum from the proposed contract sum is a variation and approval to accept the uplift is required. Officers therefore recommend

approval of the uplift in contract sum as detailed in recommendation 2.2 and for the Council to enter into the works contract with Wates.

6.3 Officers also request approval for the Council to enter into a Deed of Variation of the OHDA as detailed in recommendation 2.3 for the reasons detailed in paragraph 3.7.

6.4 Under paragraph 13 of Part 3 of the Constitution, the Cabinet Member for Housing, Regeneration, Planning & Growth, having consulted with the Leader has delegated powers to:

Agree contract extension, variation or termination where the decision is excluded from officer delegated powers because:

(a) in the case of any variation (other than an extension):

- (i) the total value of the variation is £1 million or more; and*
- (ii) the total value of the variation is more than £50k and is more than 50% of the original contract value (calculated over the life of the contract including any extensions or possible extensions and adjusted in accordance with any price review mechanism provided for in the contract)*

(b) Agree of other contract extensions, variations or terminations where the Cabinet Member requests that a decision be referred to them pursuant to Part 3 paragraph 9.5.

6.5 Subject to consultation with the Leader, the Cabinet Member for Housing, Regeneration, Planning & Growth has delegated powers to agree the proposed variations in respect of the contract sum uplift and the Deed of Variation.

6.6 Based on the value of the OHDA, and the variations detailed in paragraphs 2.2 and 2.3, the variations would not be in breach of the PCR 2015 as it is considered that the variations of contract are permitted pursuant to Regulations 72 of the PCR 2015 without commencing a new procurement. Other than the proposed amendments to the OHDA, the terms and conditions of the OHDA will not be altered as a result. It also confirmed by Officers in paragraph 5.1 that there is sufficient budgetary provision in place.

7.0 Equity, Diversity & Inclusion (EDI) Considerations

7.1 Pursuant to s149 Equality Act 2010 (the “Public Sector Equality Duty”), the Council must, in the exercise of its functions, have due regard to the need to:

- (a) eliminate discrimination, harassment and victimisation and other conduct prohibited under the Act
- (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and

- (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
- 7.2 The Public Sector Equality Duty covers the following nine protected characteristics: age, disability, marriage and civil partnership, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation.
- 7.3 Having due regard involves the need to enquire into whether and how a proposed decision disproportionately affects people with a protected characteristic and the need to consider taking steps to meet the needs of persons who share a protected characteristic that are different from the needs of persons who do not share it. This includes removing or minimising disadvantages suffered by persons who share a protected characteristic that are connected to that characteristic.
- 7.4 There is no prescribed manner in which the council must exercise its public sector equality duty but having an adequate evidence base for its decision is necessary.
- 7.5 The WHZ proposals and planning application assessments have been subject to an Equalities Impact Assessment (Appendix 2) and paid due regard to the Public Sector Equality Duty. Wates are delivering a social value package commensurate with at least 10% of the contract value, including construction supply chain spend with Brent-based SMEs, and training, apprenticeship and employment opportunities for local people from BAME backgrounds. No adverse health inequalities are identified.

8.0 Climate Change and Environmental Considerations

- 8.1 The proposals will positively contribute to the Council's environmental objectives and climate emergency strategy.
- 8.2 Climate Change mitigation and adaptation measures are incorporated within the Ujima House design strategy. Passive design measures, energy efficient services and renewable technologies result in significant carbon emission reductions for the project. Ujima House heating and hot water is to be fed from the Energy Centre located in Cecil Avenue. An all-electric energy strategy is proposed to provide 100% of the heating and hot water demand, based on communal Air Source Heat Pumps with Electric Boiler top up for 5% of the load. PV panels will be installed on available roof space.
- 8.3 The commercial space must achieve an excellent rating under the Building Research Establishment Assessment Method certification for non-domestic buildings, to ensure high standards of sustainable design and construction.

9.0 Human Resources/Property Considerations (if appropriate)

9.1 Brent Council are due to retain and manage all new affordable homes, and to lease and/ or dispose all commercial and community space delivered in the redevelopment of Ujima House and the WHZ.

10.0 Communication Considerations

10.1 Brent Council and Wates issue communications reporting the progress of the WHZ scheme, including scheduled construction works in the local area.

Related documents:

Cabinet – 16th August 2021 Approval for Procurement of Development of Sites

Officer Key Decision – 10th January 2023 – Authority to Award Contract for a Contractor Development Partner

Report sign off:

GERRY ANSELL

Director, Inclusive Regeneration & Employment