

## CABINET

25 April 2017

This report is submitted under Agenda Item 11. The Chair will be asked to decide if it can be considered at the meeting under the provisions of Section 100B(4)(b) of the Local Government Act 1972 as a matter of urgency in order to avoid any further delay in the signing of contracts with the contractor.

<b>Title:</b> Appointment of Architects for Gascoigne West Regeneration Project	
<b>Report of the Cabinet Member for Economic and Social Development</b>	
<b>Open Report</b>	<b>For Decision</b>
<b>Wards Affected:</b> Gascoigne	<b>Key Decision:</b> No
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<b>Accountable Director:</b> David Harley, Acting Head of Regeneration	
<b>Accountable Strategic Director:</b> John East, Strategic Director of Growth and Homes	
<b>Summary</b>  Gascoigne West is one of the key housing regeneration schemes in the Barking Housing Zone. Cabinet in January 2015 and July 2015 approved entering into funding agreements with the Greater London Authority and the principle of the redevelopment proposed including the buyback of leasehold properties and the decanting of tenants. To take forward the scheme the Council is seeking to appoint architects to work up the scheme and submit for planning approval. The Council's Professional Services Framework (Architectural Lot) was used to select an architecture firm to carry out the work.  Fraser Brown MacKenna Architects were the highest scoring firm with a contract value of £1,242,240. Cabinet approval is sought to enter into contract.	
<b>Recommendation(s)</b>  The Cabinet is recommended to:  (i) Grant retrospective approval to the procurement of a contract for architect services for the Gascoigne West project via the Council's Professional Services Framework;  (ii) Agree to the appointment of Frasier Brown McKenna for design work for the Gascoigne West project; and  (iii) Authorise the Strategic Director of Growth and Homes, in consultation with the Director of Law and Governance, to enter into the contract and all other necessary or ancillary agreements with Fraser Brown McKenna.	

## **Reason(s)**

To ensure the provision of the works for the redevelopment are compliant with EU Procurement legislation and the Council's Contract Rules.

The initiative will contribute to the Council Priority of 'Growing the Borough'.

## **1. Introduction and Background**

- 1.1 Gascoigne West is one of the key Barking Town Centre Housing sites with £7.8m of GLA grant and loan funding secured for the development. Cabinet in January and July 2015 approved the principal of redevelopment and entering into agreements with the GLA which have now been concluded. Leaseholder buybacks and decanting have commenced on a phased basis and good progress is being made.
- 1.2 Part of the Council's role in bringing forward development is to produce a scheme design and secure planning approval and the GLA funding can be used for this purpose. Unfortunately previous Cabinet reports neglected to specifically secure Cabinet approval for the selection and appointment of architects to carry out this work. Cabinet approval is therefore retrospectively sought now an OJEU compliant procurement exercise has taken place for which Fraser Brown MacKenna architects were the highest scoring.

## **2. Proposal and issues**

- 2.1 Development at Gascoigne West will have a significant transformational impact within the Barking Town Centre Housing Zone. Abbey Road, which forms the western boundary to Gascoigne West has changed significantly over recent years with a number of further sites still in construction. There has been a significant intensification of development on the western side of Abbey Road which has resulted in the eastern side looking increasingly at odds with the new development. Gascoigne West offers a clear opportunity for redevelopment which significantly increases the total quantity of housing development as well as enabling both sides of Abbey Road to better complement each other, whilst softening the 'cliff edge' impact between higher density housing along Abbey Road and lower density housing within the Gascoigne.
- 2.2 The element of Gascoigne West adjacent to the St Paul's roundabout (Phase 3) also offers the chance to complement the proposed Abbey Sports Centre development and continue the length of striking corner developments along The Broadway/North Street. Proposals put forward by the project architect for Phase 3 should define Abbey Green to help establish it as Barking's 'Village Green' surrounded by high quality new development.
- 2.3 In order to progress delivery, and in particular to justify use of compulsory purchase order powers if required, it is important to have a clear design proposal and secure planning approval.
- 2.4 In order to progress design development proposals for Gascoigne West, the Council commenced a procurement process using the Council's Professional Services

Framework (Architectural lot) to select an architect to undertake Stage 0 – 4 of the RIBA design stages, which could be instructed by stage. The procurement process was supervised at each stage by the Council's Framework and Contract Manager.

- 2.5 Five architecture firms from the framework submitted bids which were assessed in accordance with the Council's Contract Rules and the published tender evaluation criteria. The outcome of the procurement process was that Fraser Brown Mackenna scored highest out of all bidders, based on a score weighted 60% towards price and 40% towards quality.
- 2.6 The design fees for this project are funded via the Housing Zone grant from the GLA.
- 2.7 **Estimated Contract Value, including the value of any uplift or extension period.**  
Total Value is £1,242,240.
- 2.8 **Duration of the contract, including any options for extension.**  
18 months
- 2.9 **Is the contract subject to (a) the (EU) Public Contracts Regulations 2015 or (b) Concession Contracts Regulations 2016? If Yes to (a) and contract is for services, are the services for social, health, education or other services subject to the Light Touch Regime?**  
Yes, this is a contract for services which is subject to the Public Contracts Regulations 2015.
- 2.10 **Recommended procurement procedure and reasons for the recommendation.**  
Procurement process was through a mini competition via the Council's Professional Services Framework (Architectural Lot) which is OJEU compliant and designed to cover schemes of this nature with all the firms very adequately experienced and qualified for schemes of the nature of Gascoigne West. This was chosen as the most cost and time effective procurement route.
- 2.11 **The contract delivery methodology and documentation to be adopted.**  
JCT consultancy agreement
- 2.12 **Outcomes, savings and efficiencies expected as a consequence of awarding the proposed contract.**  
Regeneration of Gascoigne West delivers new homes providing rental income, new homes bonus and council tax. The architects will be required to ensure the design maximises quality whilst minimising cost.
- 2.13 **Criteria against which the tenderers are to be selected and contract is to be awarded**  
All firms of the Council's Professional Services Framework (Architectural Lot) were given the opportunity to submit a response to the brief. A Panel assessed the responses based on 60% price and 40% quality. Five key questions were asked in relation to quality and an overall scoring produced.

**2.14 How the procurement will address and implement the Council's Social Value policies.**

The resultant planning application will need to set out clearly how the design will contribute towards the Council's objectives including social value.

**3. Options Appraisal**

3.1 Options for Gascoigne West were considered as part of earlier Cabinet reports. This report seeks to appoint Fraser Brown MacKenna following the result of a mini competition therefore options are either to appoint or not to appoint. The latter option would severely delay progress and risk GLA funding being withdrawn.

**4. Consultation**

4.1 Initial positive engagement has taken place with residents on the proposals for Gascoigne West and there will be further consultation in advance of a planning application.

**5. Corporate Procurement**

Implications completed by: Euan Beales, Head of Procurement

5.1 The use of Professional Services Framework (Architectural Lot), partially exempts the report from the requirement to openly procure the requirements in line with the process as detailed in the Contract rules.

5.2 The report has not been presented to the Procurement Board and has instead been authorised by relevant officers on the Board.

5.3 The procurement process was conducted and concluded in advance of the formal decision being taken to approve the arrangements and, therefore, it is not possible to comment if the process followed is compliant with the framework provisions.

**6. Financial Implications:**

Implications completed by: Katherine Heffernan: Group Finance Manager-Services Finance

6.1 At its meeting on 21 July 2015, Cabinet agreed (minute 26) to "Delegate authority to the Chief Executive in consultation with the Cabinet Members for Housing and Regeneration, Chief Finance Officer and Head of Legal Services, to enter into an Intervention Agreement with the Greater London Authority for the Gascoigne West site (shown in appendix 4) for £3.3m grant funding and £3.5m recoverable grant".

6.2 The Borough Intervention Agreement (BIA) between the Council and the GLA provides for a total intervention amount of £7.8m. This funds scheme design together with leasehold buybacks and tenant decant costs at Gascoigne West with a further £1m grant for Abbey Road infrastructure costs.

6.3 The repayment of the recoverable grant will be funded from either the sale of land or dwellings, depending on tenure mix and ownership arrangements agreed with the developers.

- 6.4 Gascoigne West is likely to be delivered in phases as the high amount of tenant decants and leasehold buy backs could not be funded from the Housing Zone Grant alone. This approach would enable development receipts generated from one phase to be used to fund the up front costs on the next phase. It is likely that European Investment Bank funding would be used to finance the scheme, however, a robust business plan will need to be agreed to ensure financial viability.

## **7. Legal Implications**

Implications completed by: Kayleigh Eaton, Contracts and Procurement Solicitor, Law and Governance

- 7.1 This report is seeking approval from the Cabinet to enter into a contract with Fraser Brown McKenna for architect services for the design work on the Gascoigne West project. This report states that Fraser Brown McKenna was identified as the winning bidder by conducting a tender exercise via the Council's Professional Services Framework, which has been procured through OJEU.
- 7.2 The Public Contracts Regulations 2015 (the Regulations) allows local authorities to select providers from established Framework Agreements and the Council's Contract Rule 5.1 (a) advises that it is not necessary for officers to embark upon a separate procurement exercise when using a Framework Agreement providing the Framework being used has been properly procured in accordance with the law and the procurement is made in line with the Framework terms and conditions. Subject to the terms of the framework being complied with this would appear to be a compliant tender exercise.
- 7.3 Due to the value of the Contract being in excess of £500,000 formal Cabinet approval will be required before the responsible directorate is able to enter into the Contract. Contract Rule 28.7 of the Council's Contract Rules requires that all procurements of contracts above £500,000 in value must be submitted to Cabinet for approval. Furthermore, In line with Contract Rule 50.15, Cabinet can indicate whether it is content for the Chief Officer to award the contract following the procurement process with the approval of Corporate Finance.
- 7.4 The Law and Governance Team will provide support and advice in respect of entering into and sealing the the call off agreement and any other ancillary documents.

**Public Background Papers Used in the Preparation of the Report: None**

**List of appendices: None**