



City of Westminster

Cabinet Member Report

**Meeting or Decision
Maker:**

Cabinet Member for Climate Action, Regeneration
and Renters

Cabinet Member for Finance and Council Reform

Date:

6 September 2022

Classification:

General release with the exception of Appendix A,
B & C

With confidential/exempt Appendix A, B & C of this report which is exempt from disclosure as (i) it contains information relating to the financial or business affairs of a particular person (including the authority holding that information) under paragraph 3 of Schedule 12A of the Local Government Act 1972, (ii) it contains information in respect of which a claim to legal professional privilege could be maintained in legal proceedings under paragraph 5 of Schedule 12A of the Local Government Act 1972; (iii) and in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

Title:

Infills Programme: The appointment of the Main Contractor for the Package B sites (Adpar Street, Torridon House and Queens Park Court)

Wards Affected:

Little Venice, Maida Vale and Queens Park

Policy Context:

The proposed projects will meet the new administrations key objectives such as delivering more affordable housing, community engagement and delivering low carbon developments

Key Decision:

Yes – Significant expenditure

Financial Summary:

The total cost of delivering Infills Package B is £41.848m (net £12.029m) and will be funded from

the overall Infills Budget within the HRA Business Plan.

Report of: Debbie Jackson, Executive Director of Growth, Planning and Housing.

1. Executive Summary

1.1 As part of the Infill Programme, within the Housing Revenue Account (HRA) Housing and Regeneration Development Portfolio, Westminster City Council (WCC) are seeking to appoint Geoffrey Osborne Limited to redevelop the following sites;

- Adpar Street Car Park (Adpar) for the total sum of £10,177,485
- Torricon House Car Park (Torricon) for the total sum of £10,235,847
- Queens Park Court (QPC) for the total sum of £11,361,178

1.2 This paper seeks the approval to appoint Geoffrey Osborne Limited under a separate JCT Design & Build 2016 Contract for each site.

1.3 Note the proposed changes stemming from the Truly Affordable Housing strategy which will be presented to Cabinet in October 2022.

2. Recommendations

The recommendation within this Cabinet Member Report is for the Cabinet Members to:

2.1 Approve the combined Full Business Case for Infills Programme: Package B.

2.2 Approve the contract awards appointing Geoffrey Osborne Limited to undertake the main construction works in respect of Adpar Street Car Park, Torricon House Car Park, Queens Park Court Car Park.

2.3 Authorise Legal Services to negotiate the surrender of the existing substation lease at Queens Park Court and to grant a new lease to London Power Networks for a term of 99 years at an annual rent of £1.00.

2.4 Delegate authority to the Executive Director of Growth Planning and Housing to approve any legal, planning or financial documents, ancillary to or required to facilitate the recommendations of this report.

3. Reasons for Decision

- 3.1 As part of the WCC’s HRA Development Programme, WCC identified a number of smaller scale infill sites for development. This will enable the attainment of WCC’s strategic HRA Asset Strategy objectives of:
- Increasing the supply of affordable housing; optimising value from its assets;
 - Increasing the quality of the HRA Portfolio; and
 - Ensuring the portfolio meets local housing need.
- 3.2 The Contract Award Report (Gate 3) has been presented to the procurement Commercial Gateway Review Board (CGRB) and endorsement has been obtained. Finance Capital Review Group (CRG) approval has been obtained for the projects endorsing the recommendation to the Executive Director of Growth, Planning and Housing to recommend to the Cabinet Member to award the 3 separate JCT Design & Build Contracts.

4. Background and Policy Context

4.1 The Infills programme progression is detailed below.

Status	Scheme	Social homes
Completed	Estate Offices	6
Completed	Lanark Road	8
Completed	Cochrane Street	2
In-construction	Helmsdale House	6
In-construction	Melrose & Keith	6
In-construction	Ordnance Mews	3
Requesting Approval	Adpar Street	20
Requesting Approval	Torridon House Car Park	13 social and 8 Intermediate
Requesting Approval	Queens Park Court	23
Planning Application Approved	Lapworth Court	7
Planning Application Approved	Desborough Close	2
Planning Application Approved	Cirencester Street	2
Planning Application Approved	Noel Coward	3
Planning Application Approved	Thurso	4
Planning required	Lydford	20 max potential

- 4.2 The Infills Programme Package B comprises of three sites: Torridon House Car Park, Adpar Street Car Park and Queens Park Court, containing a total of 64 homes (56 social units & 8 intermediate units).
- 4.3 The remaining infill sites delivery are under review and will be the subject of a further Cabinet Member Report on options for their progression.
- 4.4 The Council’s “Truly Affordable Housing Strategy” group is considering the change in tenure of Intermediate units to social rented units across the development programme on a site-by-site basis. The financial impact of this change at Torridon House Car Park has been included in Appendix A and

was noted in the Full Business Case should this option be progressed, subject to planning. This will be the subject of an separate overarching Cabinet Report in October 2022.

- 4.5. Geoffrey Osborne Ltd were originally appointed under Pre-Construction Services Agreements and have completed the enabling works across the three sites. Their PCSA agreements commenced in Autumn 2020 and detailed designs have been progressed to RIBA Stage 4.
- 4.6 The contractor submitted their final price to deliver the three sites in May 2022. The proposed contract values are higher than originally anticipated due to global inflationary pressures, design development and employer changes, however, these values are still within the overall budget envelope.
- 4.7 WCC's cost consultants have reviewed the final offer submitted by the contractor and have produced a value for money report recommending the appointment of the Geoffrey Osborne Limited to deliver the sites.
- 4.8 Subject to the authority and approvals requested in this report, the engrossment and execution of the main works contract can take place in September 2022 alongside the commencement of site setup and remobilisation. These projects are due to complete in Spring 2024.

5. Financial Implications

- 5.1 Package B will deliver a 100% affordable scheme across three sites. The total development cost of scheme delivery is £41.848m (net £12.029m) and will be funded from the Infills Budget within the HRA Business Plan.
- 5.2 A cabinet member report was approved in July 2021 for £68.110m (net £15.583m), which reset the direction of the Infills programme, allowing it to operate more flexibly within a total budget envelope. Package B remains within that envelope.
- 5.3 More detail can be found in Appendix A - Financial Implications.

6. Legal Implications

- 6.1 The recommendation under this report is to award three contracts to Geoffrey Osborne for the main construction phase as set out in recommendation 2.2 of this report.
- 6.2 The values cited are above the threshold for works under the Public Contracts Regulations 2015 ("the PCR's") and as such the full implications of the PCR will apply.

- 6.3 The London Construction Programme (LCP) Major Works (2019) Pan London Lot 1.3 Framework Agreement was used to procure Geoffrey Osborne.
- 6.4 It is understood that a two-stage tender process was competitively procured via the framework with all 8 contractors invited to bid and Geoffrey Osborne providing the most economically advantageous tender. The original submission by Geoffrey Osborne (£23,951,155) was revised following negotiations as per the values cited above. It is legal's view that revisions amount to a permissible variation under regulation 72 (1) (c) of the PCR's.
- 6.5 The terms for these works will be the JCT Design and Build 2016 terms and conditions with WCC amendments, the use of which is permitted by the Framework.
- 6.6 Details of the contract awards must be published on Contracts Finder in accordance with the PCR's and the Council's Procurement Code.
- 6.7 Approval for each contract award may be granted by the relevant Cabinet Member following recommendation to approve from the appropriate Executive Leadership Team member with endorsement of the Commercial Gateway Review Board.
- 6.8 The Council is required to surrender and grant a new lease to London Power Networks at a nominal rent of £1.00. The new lease will restrict the use of the land to that of a sub-station only.
- 6.9 By virtue of s123 of the LGA 1972, the Council has the power to dispose of and for the best consideration reasonably obtainable where the land is accounted for in the HRA the rules governing disposal of land must also take into account the Housing Act 1985.
- 6.10 The General Housing Consents 2013 A3.2.8 permits local authorities to dispose of vacant land and assets that are not dwellings at any price determined by the local authority.
- 6.11 Leases of land for sub-station sites are usually at a peppercorn or a nominal rent because the sub-station is at the request of the landowner/developer for the particular development, the lease will restrict the use of the land to that of a sub-station, therefore the premium of £1.00 is considered to be the best consideration for the proposed use.
- 6.12 Planning - The recommendations will require (as necessary) examination of planning consents and related legal agreements.
- 6.13 Further legal implications can be found at Appendix B.

7. Carbon Impact

- 7.1 The council has committed to achieve net zero carbon emissions from operations by 2030 and across the city by 2040.
- 7.2 The Climate Emergency Action Plan includes an action to embed carbon impact assessments into all capital-funded project proposals, to maximise the climate benefit of council investments and limit new sources of emissions wherever possible. The project team will complete the CIET as part of the annual budget setting process.
- 7.3 These projects are being developed on vacant housing land. Demolition is limited to storage/pram sheds, a redundant UKPN switch room and the single-storey, dilapidated car park structure at Adpar Car Park therefore releasing the minimum amount of embodied carbon in current structures. These structures are not suitable for conversion and must be removed to enable the development plans. No residential dwellings or commercial buildings are being demolished as part of the plans.
- 7.4 In terms of carbon arising out of the construction and operation of the homes at each site we are working with our selected main contractor minimise the output into the future. Geoffrey Osborne were selected to be one of the contractors the Procurement & Commercial Service would work with to pilot activities to baseline and reduce their own scope 1 and 2 emissions (i.e. direct emissions under their own control), and their scope 3 emissions (i.e. emitted by our supply chain on our behalf) including carbon 'embodied' in the manufacturing/ production/ transport of the materials they use.
- 7.5. A planning non-material amendment application per site has been prepared for the sites to enable consideration of any design rectifications required including the agreement to change the hot water and heat supply from gas boilers to air source heat pumps at Queens Park Court. Once this has been approved, the carbon offset payment is likely to decrease.

8. Consultation

- 8.1 The Cabinet Member for Climate Action, Regeneration and Renters and the Cabinet Member for Finance and Council Reform received briefings on 12th July 2022.
- 8.2 An extensive community consultation engagement campaign took place in the surrounding areas by members of the Council's Community engagement team (members of the development client teams) during the pre-planning submission period (whilst working on the planning application designs).
- 8.3 The council in its capacity as the Local Planning Authority carried out its statutory public consultation to neighbouring properties of all three development sites during the planning application determination period. Subsequently, all three sites were considered at their own respective planning committee meetings and granted planning permission. The comments and representations made by residents during the statutory public consultation

were used to shape the final designs which were submitted as a part of each planning application. Full details of these were summarised in the planning committee reports and available to the planning committees and members of the public in the form of a Statement of Community Involvement. The documentation and background is also available on the Planning Portal.

- 8.4 Prior to the main contractor starting works on site the chosen contractor and the development team will hold resident engagement meetings and events at each site and use reasonable endeavours to maintain regular lines of communication with the local community as set out in the Westminster Code for Construction Practice commitments. Furthermore, compliance with the Council's Code for Construction Practice is a condition of each planning permission.

9. Equalities Implications

- 9.1 The Equality Act 2010 requires public authorities to have due regard to the need to eliminate discrimination and advance equality of opportunity. The council must take into account its wider public sector equality duty under the Act when making decisions.
- 9.2 The development of each site has been designed to address the needs of a wide range of people. In the development schemes there are likely to be a range of outcomes however, the development aspiration aims of infills programme is to maximise the positives for many people and for a longer period through the provision of social rented housing on land not currently occupied by housing.
- 9.3 The Equalities Impact Assessment (EqIA) will be considered in light of the development plans with an assessment on actual benefits and any negative impacts of the scheme throughout the development considered in design. The EqIA for each scheme will be updated at key milestones in the project.

If you have any queries about this Report or wish to inspect any of the Background Papers, please contact:

Simon Griffin - Development Manager, sgriffin@westminster.gov.uk

APPENDICES

1. Appendix A – Not for Publication - Financial Implications
2. Appendix B – Not for Publication - Further Legal Implications
3. Appendix C – Not for Publication - Package B Infills Programme Full Business Case

BACKGROUND PAPERS

None

For completion by the **Cabinet Member for Climate Action, Regeneration and Renters**

Declaration of Interest

I have <no interest to declare / to declare an interest> in respect of this report

Signed: _____ Date: _____

NAME: **Councillor Matt Noble**

State nature of interest if any:

(N.B: If you have an interest, you should seek advice as to whether it is appropriate to make a decision in relation to this matter)

For the reasons set out above, I agree the recommendation(s) in the report entitled

Infill Programme: The appointment of the Main Contractor for the Package B sites (Adpar Street, Torridon House & Queens Park Court) and reject any alternative options which are referred to but not recommended.

Signed: _____

Cabinet Member for Climate Action, Regeneration and Renters

Date: _____

If you have any additional comment which you would want actioned in connection with your decision you should discuss this with the report author and then set out your comment below before the report and this pro-forma is returned to the Secretariat for processing.

Additional comment:

If you do not wish to approve the recommendations, or wish to make an alternative decision, it is important that you consult the report author, the Director of Law, City Treasurer and, if there are resources implications, the Director of People Services (or their representatives) so that (1) you can be made aware of any further relevant

considerations that you should take into account before making the decision and (2) your reasons for the decision can be properly identified and recorded, as required by law.

Note to Cabinet Member: Your decision will now be published and copied to the Members of the relevant Policy & Scrutiny Committee. If the decision falls within the criteria for call-in, it will not be implemented until five working days have elapsed from publication to allow the Policy and Scrutiny Committee to decide whether it wishes to call the matter in.

For completion by the **Cabinet Member for Finance and Council Reform**

Declaration of Interest

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Signed: _____ Date: _____

NAME: **Councillor David Boothroyd**

State nature of interest if any:

(N.B: If you have an interest, you should seek advice as to whether it is appropriate to make a decision in relation to this matter)

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For completion by the **Cabinet Member for Climate Action, Regeneration and Renters**

Declaration of Interest

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Signed: _____ Date: _____

NAME: **Councillor Matthew Noble**

State nature of interest if any:

(N.B: If you have an interest, you should seek advice as to whether it is appropriate to make a decision in relation to this matter)

For the reasons set out above, I agree the recommendation(s) in the report entitled

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