



City of Westminster

Cabinet Member Report

Decision Makers:	Cabinet Member for Communities and Regeneration and Cabinet Member for Finance and Smart City
Date:	02 December 2021
Classification:	General Release but that Part B be declared as exempt from publication as it involves the disclosure of information as prescribed by paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972, (as amended), in that they contain information relating to the financial or business affairs of any particular person (including the authority).
Title:	300 Harrow Road Approval of main works contract
Wards Affected:	Westbourne
City for All:	Vibrant Communities – this development will assist the Council in providing new affordable homes.
Key Decision:	Yes
Financial Summary:	<p>The Council's capital programme currently includes a capital budget of £66.2m to build the 300 Harrow Road Scheme.</p> <p>This paper requests approval to award the main construction contract not exceeding the value of £53.393m to Wilmott Dixon Construction Ltd (WDC), as well as approval for total scheme spend of £66.2m to take the scheme to practical completion.</p> <p>Further work is being undertaken on the commercial structure of the scheme to ascertain the most appropriate development route. This has no impact on the main contractor award as the contract can be novated to the appropriate party and it does not impact negatively on the viability position presented in the full business case.</p>
Report of:	Debbie Jackson, Executive Director, Growth Planning and Housing

1. Executive Summary

- 1.1. The site at 300 Harrow Road in Westbourne Green will develop new homes and improved facilities for the local community. Prior to the progression of the enabling works which was approved at Outline Business Case (OBC) stage the site consisted of a low-rise purpose built 1970's Nursery Building and Warwick Community Hall (Little Venice Estate Office). Both were in poor condition and the surrounding car park and landscaped area was run down and unattractive, obscuring views of the Canal from the Harrow Road.
- 1.2. This is an ambitious scheme that seeks to improve the street scape along Harrow Road, provide high quality replacement community facilities, affordable enterprise space to improve local economic prospects and provide 112 new homes, of which 50% will be affordable (GLA assessment). The scheme will also improve visibility and access to the Canal as set out in the Harrow Road Place Plan, with a Canalside café increasing active use of this space and providing improved play facilities for residents.
- 1.3. A temporary nursery has been built on Westbourne Green and the nursery school has been relocated to the temporary site. Former Community Hall Users have been relocated to other halls in the location. Planning permission was granted in late 2020. The pre-construction services have been completed with Willmott Dixon Construction (WDC) to arrive at a Value for Money (VfM) offer for the main works; whilst an enabling works contract is underway through WDC to prepare the site ready for main works contract to progress.
- 1.4. The Full Business Case for the 300 Harrow Road scheme was presented to Commercial Gateway Review Board (CGRB) in July 2021 and recommends proceeding with the scheme on the basis that it meets the Council's City for All objectives to provide new affordable homes.
- 1.5. Following this approval, work has continued on finalising the commercial structure and legal documents required for development through Westminster Housing Developments Limited (WHDL). This paper seeks to approve the main works contract while the commercial review continues, with further recommendations to be presented and approval to be sought on this once that workstream concludes. The review is focused on ensuring best value for money from the development mechanism rather than revisiting the viability of the scheme which has been demonstrated in the Full Business Case.

2. Recommendations

- 2.1. That Part B of this report be exempt from disclosure as it involves the disclosure of information as prescribed by paragraph 3 of Part 1 of Schedule 12a to the Local

Government Act 1972, (as amended), in that they contain information relating to the financial or business affairs of any particular person (including the authority).

2.2. That the Cabinet Member for Communities and Regeneration and the Cabinet Member for Finance:

2.2.1. Approve the appointment of Wilmott Dixon Construction Limited (WDC) as the main contractor at a value not to exceed £53.393m. Note that until the commercial arrangements are finalised, as set out in section 6, the scheme will continue to be developed in the general fund.

2.2.2. Approve the Full Business Case which was presented to Capital Review Group in July 2021.

2.2.3. To approve total scheme expenditure of £66.212m to take the scheme up to practical completion. This includes the WDC contract award amount and other project spend.

2.2.4. To approve the reallocation of budget from Westminster Builds to the HRA and General Fund to enable near-term spend on the contract until the commercial structure is finalised.

2.2.5. Note the ongoing work on the commercial structure for the development of the scheme. These final arrangements will be subject to further cabinet member approval.

3. Reasons for Decision

3.1. An FBC has been produced confirming the current proposals to for WHDL to develop the site at Harrow Road is a Value for Money option that represents a viable proposal from both a Capital and Revenue perspective

3.2. Entering into the contract now will enable the council to fix the contractual position for the development and mitigate risks of price increase through delays in progressing the scheme whilst the delivery mechanism is reviewed.

4. Background and Policy Context

4.1. This is an ambitious scheme that seeks to improve the street scape along Harrow Road, provide high quality replacement community facilities, affordable enterprise space to improve local economic prospects and provide 112 new homes, of which 50% will be affordable (GLA assessment). The scheme will also improve visibility and access to the Canal as set out in the Harrow Road Place Plan, with a Canalside café enlivening the area and providing improved play facilities for residents.

4.2. In summary the project will provide:

- 112 residential units over 3 blocks
- 61 private homes for sale
- 34 affordable homes for intermediate rent
- 17 affordable homes for social rent

- Enterprise Space and Café
 - Community Centre
 - Replacement Nursery
 - External landscaping and play area
- 4.3. This scheme will contribute to our City for All 'Vibrant Communities' objectives to provide new affordable homes and opportunities to part of a series of projects that will meet the local communities' objectives to have sustainable development, a socially sustainable future, and improved access to public space as set out in the Harrow Road Place Plan.
 - 4.4. Warwick Community Hall and the Harrow Road Nursery has a prominent location on Harrow Road and the canal; however, the existing arrangement does not take full advantage of the Council's assets in this area or and provides an opportunity to improve the supporting environment and increase affordable housing on this site without loss of existing residential homes.
 - 4.5. The proposed development provides an opportunity to improve the open space and public realm as well as increasing the amount of affordable housing in the area without loss of existing homes.
 - 4.6. The scheme will assist the Council with its strategic City for All objectives: the aesthetic improvements to Harrow Road and the new enterprise space will encourage a thriving economy. The mix of tenures in the new homes and the improved public spaces will enhance this vibrant community. The buildings have been designed with energy saving technologies, the landscaped areas will enjoy abundant planting which to underscore the Council's commitment to cleaner and greener. The new homes and the enterprise space will benefit from infrastructure to support wide ranging connectivity solutions and assist the Council's smart city objectives.
 - 4.7. The preferred option remains the same as the OBC, which is a 50% affordable scheme (GLA assessment)
 - 4.8. When the development completes in 2023, In order to mitigate the risk of an unexpected downturn in the sales market when the scheme completes in 2023 there will be the option to rent the properties rather than sell. .
 - 4.9. To date the scheme has completed the relocation of the nursery to a temporary facility located at Westbourne Green.
 - 4.10. The Council has previously entered into a Pre-Construction Services Agreement with Willmott Dixon Construction and an Enabling Works contract commenced in December 2020.

5. Housing Tenure and affordability

- 5.1. Given the high levels of demand for affordable housing in Westbourne and specifically on the Warwick and Brindley Estates (based on housing needs applications) there is a clear rationale for provision above the planning requirement for 35% affordable housing. Assessment of local demand demonstrated a need for

family sized homes in both the social rented homes and the private ownership homes, so 3 bedroom homes have been provided in both types of home. The intermediate rent homes will be suitable for people on moderate incomes who would not be able to afford to rent privately. Demand for these homes has been for smaller sized homes for younger couples and families who are working, so we have provided more one and two bedroom homes at intermediate rent. Intermediate rent homes will be at London Living Rent reflecting the lower incomes in this location. Analysis of the local demand also demonstrated a number of families on the estate who are waiting for wheelchair accessible accommodation in the social rented sector. All of the homes will be built to lifetime homes standard and can be adapted as people's needs change. In addition, family sized wheelchair accessible homes will be provided at social rent to meet local need.

6. Procurement of Preferred Option

- 6.1. The procurement of the client-side professional team and the contractor were approved by Procurement Assurance Board. The proposed pre construction design services have been completed.
- 6.2. The procurement strategy was to proceed with a two-stage tender for the following reasons. The Council wanted to achieve an early appointment with the contractor, prior to completion of the design, leading to an earliest start on site and completion.
- 6.3. The Procurement Assurance Board (PAB) now known as Commercial Gateway Review Board (CGRB) endorsed the approval of the 2-stage contract award for the construction works of 300 Harrow Road to Willmott Dixon Construction Limited on the 31 March 2020 following mini tender via the Southern Construction Framework (SFC). The award was based on the most economically advantageous tender with Willmott Dixon as the winning bidder.
- 6.4. The second stage was concluded in July 2021 at the Commercial Gateway Review Board; the decision being to endorse the award.

7. Commercial Arrangements

- 7.1. The Outline Business Case earmarked Harrow Road for development through Westminster Builds and the commercial structure has been developed in the lead up to the Full Business Case. The overarching financials of the scheme's viability have remained unchanged, however recent external legal advice has altered the proposed structure for funds flow and payments between council entities whilst the development is in construction, while the end position for Westminster Builds and the Council remains unchanged. The project team have taken the opportunity to re-run value for money assessments to ensure the Council receives best consideration from the arrangement.
- 7.2. It is proposed that the Council continues with the appointment of Willmott Dixon and the development of the project in the general fund while the review of the commercial structure is ongoing. This follows original intentions, by awarding Willmott Dixon's contract in the Council which can be assigned to Westminster Builds at a future date.

8. Financial Implications

- 8.1. The total budget within the Capital Programme for the 300 Harrow Road scheme is £66.2m. This is split between the HRA Business Plan and an assumed investment by the Council in Westminster Housing Developments Limited (WHDL) to build out the scheme.
- 8.2. Financial implications are considered in more detail in Part B.

9. Legal Implications

- 9.1. The recommendation under this report is to:
- approve the award of a contract to Willmott Dixon Construction Limited (WDC) for £53.393 million for the main construction design and build contract at 300 Harrow Road.
 - approve total scheme expenditure of £66.212 million which includes the WDC contract award amount and other project spend
- 9.2. It is noted that the Council has entered into a Pre-Construction Services Agreement with WDC dated 30th October 2020 and an Enabling Works contract dated 18th December 2020. This report recommends that the Council enters into a design and build contract for the main works with WDC for £53.393m for the construction contract. The main works contract will subsume the PCSA and Enabling works contract.
- 9.3. The proposed contract is a public contract for 'works' within the meaning of the Public Contracts Regulations 2015 ('PCRs'). Public contracts with a value estimated to be equal to or greater than the threshold for works (£4,733,252) must be procured in accordance with Part 2 of the PCRs. Since the estimated value of the contract is over this amount, the full implications of the PCR will apply.
- 9.4. This report confirms that the Council satisfied the requirements under the PCR by calling off under the Southern Construction Framework ("the Framework"). It is noted that a mini tender was carried out with Willmott Dixon providing the most economically advantages tender. This is lawful provided the contract is awarded in accordance with the procedure laid down in Regulation 33.
- 9.5. The Council is permitted to call off under the Framework.
- 9.6. The procurement is in accordance with the Councils Procurement Code ("The Code") and satisfies requirements therein.

- 9.7. The Code states that for contracts of £1.5 million and above the appropriate Cabinet Member must approve an award of the contract following approval from the appropriate Executive Director and Commercial Gateway Review Board for all procurements of £100,000 plus Procurement Services must lead on all projects, the Category Management process must be used and procurements must be competed.
- 9.8. It would be appropriate to use the JCT Design and Build 2016 (DB2016), with Council amendments for this contract.
- 9.9. All contracts with a value of over £175,000 must be signed by at least 2 authorised officers of the Council or made under the common seal attested by the Chief Executive, Director of Law or authorised Solicitors in accordance with Standing Orders 47 and 56 in the Council's Constitution.
- 9.10. Details of the contract award must be published on Contracts Finder in accordance with the PCR.

10. Staffing implications

- 10.1. The build will be undertaken through the main works contract and all staff will be employed by Wilmott Dixon Construction Limited or their subcontractors.
- 10.2. Consultant appointments will be in place to ensure the Council's requirements are monitored to an agreed scope of services and staff will be employed by those companies appointed.
- 10.3. The staffing implications for the Council are identified within the Management Case of the FBC and relate to the monitoring of consultants and ensuring the Employer's duties are fulfilled during the build period.

11. Equalities

- 11.1. The Equality Act 2010 introduced a single public sector equality duty. This duty requires the Council to have due regard in its decision-making processes to the need to:
- (a) eliminate discrimination, harassment, victimisation or other prohibited conduct;
 - (b) advance equality of opportunity between persons who share a relevant protected characteristic and those that do not share it;
 - (c) foster good relations between those who share a relevant characteristic and those that do not share it.

- 11.2. The relevant protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation.
- 11.3. The Council is required to act in accordance with the equality duty and have due regard to the duty when carrying out its functions, which includes making new decisions in the current context and in relation to the expenditure and entering into the contract.
- 11.4. When procuring the contract with Willmott Dixon, specific consideration was given to how the contractor will meet both the Council's equality duties and also the requirements stipulated in the Considerate Constructors scheme. The Considerate Constructors Scheme has made inclusivity a key objective and is actively requiring participants to recruit from under-represented groups. Willmott Dixon is committed to providing equality and diversity in line with The Equality Act 2010. Willmott Dixon is committed to providing opportunities in recruitment, remuneration, training and promotion of employees and to eliminating discrimination in the workplace on the grounds of any protected characteristics. These are age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.
- 11.5. The scheme will provide modern fit for purpose homes for use as Social Housing.
- 11.6. An Equalities Impact Assessment carried out to cover the proposed development revealed no impacts on the public sector equality duty arising from this proposal.

12. Consultation

- 12.1. In preparing this Paper, we have consulted with the Ward Councillors for Westbourne Ward. Ward Councillors support this proposal but wish to note their preference would have been for a greater proportion of social compared to intermediate rent homes. They would like the Council to keep under review opportunities to increase the amount of social housing in the scheme. They would also like the Council to monitor the number of home-owners and first-time buyers purchasing the private sales units.

13. Carbon Impacts

- 13.1. In order to future proof the development in line with the climate emergency that has been called by the council, the scheme is proposing to omit the gas fired energy plant and move to a solution utilising 100% air source heat pumps.
- 13.2. An initial feasibility review has been undertaken late in the design stage which has provided a high level assessment of the potential solution and associated budget costs. This allowance is included within the contract scope

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

Simon Tong – Development Delivery Manager

e: stong@westminster.gov.uk

BACKGROUND PAPERS:

None

For completion by the **Cabinet Member for Finance, Property and Regeneration** and **Cabinet Member for Finance and Smart City**

Declaration of Interest

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

Signed: _____ Date: _____
Councillor Paul Swaddle, Cabinet Member for Finance and Smart City
NAME: _____

State nature of interest if any
.....

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

Signed: _____ Date: _____
Councillor Heather Acton, Cabinet Member for Communities and Regeneration
NAME: _____

State nature of interest if any
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(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 recommendations in the report entitled **300 Harrow Road (Warwick Community Hall) Approval of main works contract** and reject any alternative options which are referred to but not recommended.

Signed

Councillor Paul Swaddle, Cabinet Member for Finance and Smart City

Date

Signed

Councillor Heather Acton, Cabinet Member for Housing Services

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:
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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, the Executive Director for Finance and Resources, and, if there are human 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 and 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.