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**REPORT FOR: CABINET**

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<b>Date of Meeting:</b>	10 <sup>th</sup> October 2019
<b>Subject:</b>	Harrow Strategic Development Partner
<b>Key Decision:</b>	No
<b>Responsible Officer:</b>	Paul Walker - Corporate Director Community
<b>Portfolio Holder:</b>	Councillor Keith Ferry – Portfolio Holder for Regeneration, Planning and Employment
<b>Exempt:</b>	No
<b>Decision subject to Call-in:</b>	Yes
<b>Wards affected:</b>	All
<b>Enclosures:</b>	None

## **Section 1 – Summary and Recommendations**

This report updates Members on the progress of the procurement of the development partner to establish the Harrow Strategic Development Partnership.

**Recommendations:**

Cabinet is requested to: Note the progress of the current procurement pursuant to the Public Contracts Regulations 2015.

**Reason: (For recommendations)** To update the Cabinet on progress with the implementation of the decision taken in May 2019 to procure a Strategic Development Partner to assist with the delivery of a number of the Council's core strategic development sites within the Regeneration Programme.

## **Section 2 – Report**

### **Introductory paragraph**

At its meeting in May 2019, Cabinet resolved to procure a Strategic Development Partner to assist with the delivery of a number of the Council's core strategic development sites within the Regeneration Programme. Following a call-in, this decision was confirmed by Cabinet at its June 2019 meeting.

Working in partnership with the private sector partner the intention is to develop the sites at Poet's Corner, Peel Road, and the first phase of Byron Quarter. As part of this, the partnership will provide a new Civic Centre for the Council.

This partnership will support the Council's ambitious plans for growth and development as part of its Build a Better Harrow campaign which seeks to improve lives, provide jobs, enhance conditions for business and energise Harrow as a place.

The development partnership will contribute to all the Council's objectives through the development of new housing, commercial space, contributions to social value and the development of the new Civic Centre.

### **Options considered**

There are no alternative options for consideration in this report.

### **Background**

Based on advice from legal advisors Pinsent Masons and Commercial Property advisors Avison Young (previously known as GVA) in May 2019, Cabinet took a decision to commence a procurement process under the Public Contracts Regulations 2015 to seek a Strategic Development Partner for three core sites within borough which are: Poets Corner, Byron Quarter (Ph1) and Peel Road.

### **Key Objectives of the Council:**

The Council's objectives in procuring the partner are:

- To deliver wider regeneration across the Borough via new and improved mixed tenure housing, civic and community facilities, new employment space and the enhanced use of property assets within the Borough.
- To accelerate the pace of housing delivery across the portfolio of sites

- To secure wider economic and social benefits for local residents, including skills and training, health improvement and new employment opportunities.
- Use existing and new property assets to optimise value for the Council.
- To contribute to the delivery of well designed, high quality places that make a difference for communities, businesses residents and families both now and in the long term.

Specifically, the Council wishes to re-provide the existing Civic Centre at no cost to the Council's general fund over the period of the partnership and to obtain the maximum possible affordable housing across the three sites.

## The Procurement Process

The Council has launched a Competitive Dialogue Procurement Process under the Public Contracts Regulations 2015. This was launched in June and the table below outlines the process and completions of milestones to date.

Date	Activity	Milestone Achieved
May & June 19	Cabinet Approval to commence HSDP procurement process	Cabinet Approval gained following Call In and resubmission to June Cabinet Meeting
21st June 19	<b>Office Journal of European Union (OJEU) Notice</b> was issued and <b>Selection Questionnaires (SQ)</b> issued to the market	Harrow launched its HSDP search
27 <sup>th</sup> June 19	Successful Launch of the HSDP	Launch received well by the market – good feedback
26 <sup>th</sup> July 19	SQ Bidder Deadline	<b>13 Bids Received</b>
8 <sup>th</sup> August 19	Bidders Evaluation completed	SQ Evaluation complete
9 <sup>th</sup> August 19	SQ Moderation Day	<b>Bidders down selected from 13 to 5</b>
12 <sup>th</sup> August 19	<b>Invitation To Submit Outline Solutions (ISOS)</b> Documents were issued	Successful and unsuccessful bidders informed of the outcome of the process
19 <sup>th</sup> August 19	ISOS Dialogue Sessions Commence	

The Council is currently undertaking ISOS dialogue with its bidders during which the initial proposals from bidders are discussed. At the conclusion of the first dialogue stage, the bidders will submit the following:

- Outline Design Proposals for all three Core sites.
- Financial model demonstrating viability across the core sites and cost neutrality in relation to the new Civic Centre.
- Social Value proposals.
- Legal Papers including updated Heads of Terms.

These will be evaluated against the pre -determined criteria set out in the procurement documents.

The proposed timetable for the process going forward is set out below. There may be some variation between these dates:

<b>Date</b>	<b>Activity</b>
<b>Invitation To Submit Outline Solution (ISOS) Submission Dates:</b>	
18 <sup>th</sup> September 19	Deadline for receipt of Bidders ISOS Clarifications
25 <sup>th</sup> September 19	Council to respond to Clarifications
27 <sup>th</sup> September 19	Deadline for ISOS Submissions
30 <sup>th</sup> September 19	ISOS Evaluation Commences (4 week process)
24 <sup>th</sup> & 25 <sup>th</sup> October 19	ISOS Moderation Days – Down select to 2/3 bidders
<b>Invitation to Submit Detailed Solutions (ISDS) Commences:</b>	
28 <sup>th</sup> October 19	ISDS Documents issued on the Tender Portal
November 19 to Jan 20	ISDS Dialogue Sessions (12 weeks)
20 January 20	Closure of Dialogue and Bidders invited to submit final tenders (ISFT)
20 January 20	Deadline for receipt of ISFT Clarifications
31 January 20	Deadline for receipt of Final Tenders
1 <sup>st</sup> Feb 20	ISFT Evaluation Period (6 weeks) and Council commence drafting of Cabinet Report
12 <sup>th</sup> & 13 <sup>th</sup> March 20	ISFT Moderation Days
13 <sup>th</sup> March 20	Preferred Bidder Selected

It is intended that a report will be presented to Cabinet in April 2020 for Cabinet to take the decision to appoint the Strategic Partner.

## **Further work required**

The bidders at this point have been varied in their approach, questions and responses which is to be expected; and will remain the case throughout the confidential dialogue process.

The Council has a number of areas in which further work will be required during the course of the process to provide certainty to bidders as to the most effective solution.

These are:

**Affordable Housing and Tenure Mix** - Establishing a clear position on the future ownership of affordable housing.

**Harrow New Civic** – Clarifying the Council's employer requirements for the new Civic centre.

**Councils Decant Strategy for Poets Corner** – Clarity on the consequent release of Poets Corner site and early phasing/decant opportunities.

**Councils Car Park Strategy** – Also establishing how the Council intends to deal with Staff Car parking, Town Centre parking and liaison with other users/stakeholders such as the Mosque.

**School Requirements** - Confirming detail of proposed school requirements.

## **Resources**

The cost of the procurement is being funded within existing resources.

## **Ward Councillors' comments**

None at this stage.

## **Risk Management Implications**

This project has a risk register devoted to it. This is under regular monitoring and a new risk register is being produced for the next stage of dialogue.

## **Procurement Implications**

The procurement process is set out above and is being carried out in accordance with the Public Contracts Regulations 2015. The Council's procurement team are taking a full part in the dialogue process and providing appropriate advice where necessary. The Council's legal advisers Pinsent Masons are also providing specialist procurement advice where necessary.

## **Legal Implications**

Detailed legal implications were set out in full in the May 2019 report. This report is to note progress and consequently, there are no additional legal implications to note for this specific report.

## **Financial Implications**

The total capacity for the revenue elements of the Regeneration Programme was £5.1m of which £3.4m has been used and the balance remaining from 2019/20 is estimated at £1.7m. The cost of the procurement process and external support will be funded within this existing resource.

The procurement process is mid way and the financial implications cannot be quantified at this point. As the process progresses, this will inform the future costs and cash flow implications for the council including the capital borrowing requirement, capital financing costs, financial returns and the on going support required.

The selection of a successful bidder is timetabled for March 2020 by which time the 2020/21 Budget will be approved. If any amendments are required to the 2020/21 Budget, these will be enacted and reported in line with Financial Regulations.

## **Equalities implications / Public Sector Equality Duty**

There are no equalities implications attributable to this update report. A detailed Equalities Impact assessment will be produced at the end of the procurement, and scheme by scheme assessments as necessary.

## **Council Priorities**

Establishing the Harrow Strategic Development Partnership will help build a better Harrow. The partnership will significantly increase the supply of genuinely affordable and quality housing for Harrow residents, helping to create a thriving and modern Harrow. The new housing will contribute to reducing the levels of homelessness in the Borough. The new developments

will link into the transport and parking infrastructure supporting economic growth and accessibility.

While not primarily about commercial development some commercial space will be provided and this will contribute to the strength of the local economy. The developments will enhance the viability of Station Road and the High Street and will support people and businesses investing in Harrow.

The development of the new Civic Centre is a central component of the modernisation of Harrow Council helping to enable the delivery of better more cost effective services, and improve digital access to service. New modern buildings will improve the Council's carbon footprint.

### **Section 3 - Statutory Officer Clearance**

Name: Dawn Calvert	<input checked="" type="checkbox"/>	Chief Financial Officer
Date: 30 <sup>th</sup> September 2019		
Name: Matthew Dineen	<input checked="" type="checkbox"/>	on behalf of the * Monitoring Officer
Date: 30 <sup>th</sup> September 2019		

Name: Nimesh Mehta	<input checked="" type="checkbox"/>	Head of Procurement
Date: 30 <sup>th</sup> September 2019		

Name: Paul Walker	<input checked="" type="checkbox"/>	Corporate Director
Date: 30 <sup>th</sup> September		

<b>Ward Councillors notified:</b>	<b>NO, as it impacts on all Wards</b>
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**EqIA carried out:**

**NO**

**EqIA cleared by:**

EQIA not required for update report but detailed EQIA to be produced at later stage

## **Section 4 - Contact Details and Background Papers**

**Contact:** Julian Wain, Interim Commercial Director  
Tel: 020 8736 6149 ex 6149  
[Julian.wain@harrow.gov.uk](mailto:Julian.wain@harrow.gov.uk)

**Background Papers:** None

**Call-In Waived by the  
Chair of Overview and  
Scrutiny Committee**

**NO**