Merton Council Merantun Development Limited Sub-Committee Extraordinary meeting Agenda

Membership

Councillors:

Stephen Alambritis Mark Allison Martin Whelton

Date: Monday 10 December 2018

Time: 7.45 pm, or on the rise of the Cabinet meeting scheduled for 7.15pm the same evening.

Venue: Committee Rooms C,D,E, 1st floor, Merton Civic Centre

This is a public meeting and attendance by the public is encouraged and welcomed. For more information about the agenda please contact <u>democratic.services@merton.gov.uk</u> or telephone <u>020 8545 3616</u>.

All Press contacts: communications@merton.gov.uk, 020 8545 3181

Merantun Development Limited Sub-Committee Extraordinary meeting Agenda

10 December 2018

- 1 Apologies for absence
- 2 Declarations of pecuniary interest
- 3 Merantun Development Ltd Design Procurement

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Note on declarations of interest

Members are advised to declare any Disclosable Pecuniary Interest in any matter to be considered at the meeting. If a pecuniary interest is declared they should withdraw from the meeting room during the whole of the consideration of that mater and must not participate in any vote on that matter. If members consider they should not participate because of a non-pecuniary interest which may give rise to a perception of bias, they should declare this, .withdraw and not participate in consideration of the item. For further advice please speak with the Assistant Director of Corporate Governance.

Agenda Item 3

Merantun Development Limited Sub-Committee (Extra Meeting) 10 December 2018

Wards: All

Merantun Development Ltd: Design Contract Procurement

| Lead officer: | Chris Lee, Director of Environment and Regeneration |
|------------------|---|
| Lead member: | Councillor Stephen Alambritis, Leader of the Council |
| | Councillor Martin Whelton, Cabinet Member of Regeneration, Housing and Transport |
| | Councillor Mark Allison, Cabinet Member for Finance |
| Contact officer: | Chris Lee, Director of Environment and Regeneration |

Recommendations:

A. That the Sub-Committee delegate authority to the Shareholder Representative (the Director of Environment and Regeneration), in consultation with the Chair of the Merantun Development Sub-Committee, to approve the award of the Merantun Development Ltd architectural design contract(s).

1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

1.1 The purpose of this report is to update the Shareholder Sub-Committee on the procurement status of the design contract for Merantun, and to request that the Sub-Committee delegate authority to the Shareholder Representative (the Director of Environment and Regeneration) in consultation with the chair of the Merantun Development Sub-Committee to approve the award of the design contract(s) exceeding the value of £500k.

2. DETAILS

- 2.1 Merantun Development Ltd is to undertake the development of circa. 77 residential units across four sites in Merton: Farm Road Church, Morden; land at the Canons, Mitcham; Elm Nursery, Mitcham and Raleigh Gardens, Mitcham.
- 2.2 Site development is due to commence in 2019. Prior to this, Merantun must procure specialised architectural-led design consultancy services to act as a 'design team' on behalf of the company.
- 2.3 Subject to the outcome of an OJEU procurement exercise, Merantun may opt to appoint one design team per site, or more than one site to any one design team, if it deems it appropriate to do so.
- 2.4 The appointed design team(s) will lead on scheme design and progress each site to planning approval in summer 2019 in accordance with the planned programme (see full programme attached and summary in Section 5). The timely appointment of the design team(s) is needed in order to achieve this deadline.

- 2.5 The OJEU tender for the design services was released in early October 2018 with a view to appointing the preferred bidder(s) in January 2019. The procurement is being undertaken over two stages:
 - First stage: a standard questionnaire (SQ) used to initially assess financial and legislative compliance, technical ability and shortlist bidders. This was undertaken in early October to early November 2018. Response to the SQ was much higher than anticipated with forty submissions received.
 - Second stage: an invitation to tender (ITT) released to the top six shortlisted firms from the SQ. Bidders may submit tenders for each of the development sites detailing their approach to developing the sites.
- 2.6 Procurement is now at the ITT stage, with final submissions due on 10 December 2018. The tender evaluation will conclude on 19 December and the preferred bidder(s) will be tabled for approval at the Merantun Board meeting on 20 December.
- 2.7 As the ITT process is still running at the time of writing this report, the value of the final award contract(s) is currently unknown. Should the cost of the individual contract(s) fall below £500k, the appointment can be approved by the Merantun Board in accordance with the company's Scheme of Delegation.
- 2.8 Should the contract value exceed £500k, the contract award would be a reserved matter requiring Shareholder approval, in accordance with Schedule 1 of Merantun's Shareholder Agreement.
- 2.9 The current programme for the design delivery has been planned to allow the statutory 10-day standstill period for OJEU procurements, following notification of intent to award, to take place over the Christmas holidays. This allows Merantun to make more effective use of the down-time over the festive period and avoid slippage on the planned delivery programme.
- 2.10 If Merantun has to wait until January 2019 for Sub-Committee approval, it is likely to add three weeks' delay to the overall project timetable. If the Sub-Committee were to delegate authority to the Shareholder Representative (the Director of Environment and Regeneration), in consultation with the Chair of the Merantun Development Sub-Committee, to approve the contract(s) award (should the value exceed £500k) then the procurement process could proceed in accordance with the planned programme.
- 2.11 In order to expedite the appointment of the design team(s) and ensure that the planned programme remains on track, Merantun is requesting that the Sub-Committee delegate authority to the Shareholder Representative), in consultation with the Chair of the Sub-Committee, to approve the award of the design contract(s) in the event the values exceed £500k.

3. ALTERNATIVE OPTIONS

3.1 To postpone approval of the design contract(s) until the January 2019 Sub-Committee and adjust the Merantun delivery programme accordingly. This will cause slippage in the delivery of the programme, and will delay the completion of the development sites.

4. CONSULTATION UNDERTAKEN OR PROPOSED

4.1 None for the purposes of this report.

5. TIMETABLE

- 5.1 As summarised below and detailed in the attached programme (Appendix A).
 - Procurement-Design: Oct 2018 Jan 2019
 - ITT review: early Dec
 - MDL Board Approval: 20 Dec
 - Sub-Committee approval (TBC): 20 Dec
 - Notification of intention to award: 21 Dec
 - Standstill period (14 days): 22 Dec Jan
 - o Appoint design team: early Jan
 - Planning: Jan Jul 2019
 - Pre-Application meetings (TBC): Jan
 - Design Review Panel: pre-app (TBC): Feb/Mar
 - o Submit Planning Application: Apr
 - Planning approval (TBC): Jul
 - Procurement-Construction: May Oct 2019
 - Construction: Oct 2019 Oct 2020

6. FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

- 6.1 The current value of the design contract(s) is unknown, as the ITT procurement is still running at the time of submission of this report.
- 6.2 ITT responses are due by 5pm on 10 December 2018 so it may be possible to provide a verbal update on indicative values at the meeting, if required.
- 6.3 In the event the design contract(s) exceed £500k, this will make the contract award a reserved matter requiring Shareholder approval.
- 6.4 The next shareholder's meeting is not due to take place until January 2019 and the Shareholder Representative does not have authority to approve transactions over £500,000.
- 6.5 In the event the value of the individual design contract(s) exceed £500k, Merantun is requesting that the Sub-Committee delegate authority to the Shareholder Representative (the Director of Environment and Regeneration) in consultation with the chair of the Merantun Development Sub-Committee to approve the award of the design contract(s).

7. LEGAL AND STATUTORY IMPLICATIONS

- 7.1 The purpose of this report is to request that the Shareholder delegate authority to the Director of Environment and Regeneration as Shareholder Representative in consultation with the Chair of the Merantun Development Sub-Committee to approve the award of the Merantun Development Ltd architectural design contract(s).
- 7.2 In accordance with paragraph 4 of Schedule 1 (Reserved Matters) of the Shareholders Agreement, the company is required to obtain shareholder approval if:

"4. Incurring expenditure or entering into any arrangement, contract or transaction in excess of:

- (a) Other than in relation to any land acquisition, £500,000 (five hundred thousand pounds):
- (b) In relation to any land acquisition, £1,000,000 (one million pounds) unless otherwise agreed."
- 7.3 On 23 May 2018 it was resolved by Cabinet that the Director of Environment and Regeneration would have delegated authority to take decisions on reserved matters in circumstances where the financial expenditure to be incurred, in any one instance, is below two hundred and fifty thousand pounds (£250,000). In this instance the decision to award the architectural design contract(s) may be above this value and approval would be required from the sub-committee.

8. HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS

8.1 None for the purposes of this report.

9. CRIME AND DISORDER IMPLICATIONS

9.1 None for the purposes of this report.

10. RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

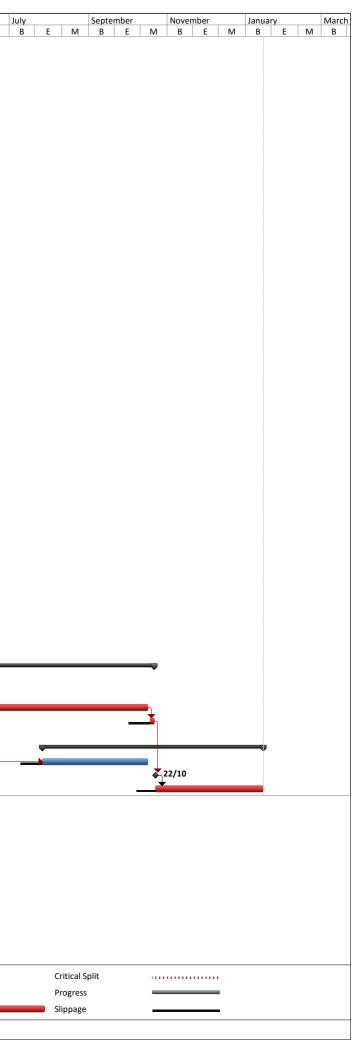
10.1 None for the purposes of this report.

11. APPENDICES

- Appendix A MDL Programme
- 12. BACKGROUND PAPERS NONE

| ID | Task Name | Duration | Start | Finish | nber E N | Januar 1 B | | March | | May B E | | luly B E | | September B E | | ovember B F | | January | F M | March | | Ma M B | M |
|-----------------------------------|---|------------|--------------|--------------|-------------|---------------|-----|-------|---|------------|---|-------------|-------|------------------|------|------------------|-----|---------|------|-------|---|-----------|---------|
| 1 | Specification | 12 days | Thu 16/08/18 | Fri 31/08/18 | | . 0 | | | | | | U C | IVI | U L | | - L | 191 | 5 | - IV | | - | | IVI |
| 2 | | | | | | | | | | | | | | | | | | | | | | | |
| 3 | Procurement - Due Diligence | 118 days | Mon 30/07/18 | Fri 18/01/19 | | | | | | | | | | | | | | | | | | | |
| 4 | Specification | 21 days | Mon 30/07/18 | Mon 27/08/18 | | | | | | | | | | | | | | | | | | | |
| 5 | Tender period (quotes) | 9 wks | Mon 03/09/18 | Fri 02/11/18 | | | | | | | | | | | | | | | | | | | |
| 6 | Site Surveys | 20 days | Mon 05/11/18 | Fri 30/11/18 | | | | | | | | | | | | | | | | | | | |
| 7 | Survey findings | 28 days | Mon 03/12/18 | Fri 18/01/19 | | | | | | | | | | | | | | | | | | | |
| 8 | | | | | | | | | | | | | | | | | | | | | | | |
| 9 | Procurement - Design (two-stage) | 70 days? | Tue 02/10/18 | Wed 16/01/19 | | | | | | | | | | | | | | | | | | | |
| 10 | OJEU contract notice | 2 days | Tue 02/10/18 | Wed 03/10/18 | | | | | | | | | | | | | | | | | | | |
| 11 | Standard questionnaire (SQ) | 30 days | Thu 04/10/18 | | | | | | | | | | | | | | | | | | | | |
| 12 | Evaluate SQ & shortlist | 8 days | | Wed 14/11/18 | | | | | | | | | | | | | | | | | | | |
| 13 | ITT period (shortlisted firms) | 26 days | | Mon 10/12/18 | | | | | | | | | | | | | | | | | | | |
| 14 | Tender analysis & due diligence | 7 days | | Wed 19/12/18 | | | | | | | | | | | | | | | | | | | |
| 15 | Approval processes | , 1 day | Thu 20/12/18 | | | | | | | | | | | | | | | | | | | | |
| 16 | Notification of intention to award | 1 day | Fri 21/12/18 | | | † | | | | | | | | | | | | | | | | | |
| 17 | Standstill period | 14 days | Sat 22/12/18 | | <u>.</u> | * | | | | | | | | | | | | | | | | | |
| 18 | Due Diligence Checks | 5 days | Mon 07/01/1 | | | | | | | | | | | | | | | | | | | | |
| 19 | Appoint design team | 0 days | Fri 11/01/19 | | | ¥11 | /01 | | | | | | | | | | | | | | | | |
| 20 | Introduction meeting - TBC | 1 day | | Wed 16/01/19 | | Ť | | | | | | | | | | | | | | | | | |
| 21 | | | | | | - | | | | | | | | | | | | | | | | | |
| 22 | Planning | 145 days? | Mon 21/01/19 | Fri 09/08/19 | | - | | | | | | | - | | | | | | | | | | |
| 23 | Pre-App meeting - TBC | 1 day | | Mon 28/01/19 | | | _ | | | | | | | | | | | | | | | | |
| 24 | DRP (Pre-app) - TBC | 1 day | Thu 28/02/19 | | | | | _ | | | | | | | | | | | | | | | |
| 25 | Work up design to RIBA Stage 3 | 58 days? | | Wed 10/04/19 | | | , | _ | | | | | | | | | | | | | | | |
| 26 | Merantun Business Plan Review - RIBA 3 | 10 days | | Wed 24/04/19 | | | | | | | | | | | | | | | | | | | |
| 27 | Merantun approvals | 2 days | Thu 25/04/19 | | | | | | | | | | | | | | | | | | | | |
| 28 | Submit Application | 5 days | Mon 29/04/19 | | | | | | | | | | | | | | | | | | | | |
| 29 | DRP (full application) - TBC | 1 day | Thu 16/05/19 | Thu 16/05/19 | | | | | | 1 | | | | | | | | | | | | | |
| 30 | Determination period | 60 days | Mon 06/05/19 | | | | | | _ | <u>+</u> | | | | | | | | | | | | | |
| 31 | Planning Applications Committee - TBC | 1 day | Thu 18/07/19 | Thu 18/07/19 | | | | | | | | - - | | | | | | | | | | | |
| 32 | Approval received | 0 days | Fri 26/07/19 | Fri 26/07/19 | | | | | | | | | 26/07 | | Г | | | | | | | | |
| 33 | Merantun Business Plan Review - Post Planni | ng 10 days | Mon 29/07/19 | Fri 09/08/19 | | | | | | | | | BBP | | | | | | | | | | |
| M | | | | | | | | | | | | | | | | | | | | | | | |
| ືອ | Procurement - Construction | 120 days | Mon 06/05/19 | Fri 18/10/19 | | | | | | | | | | | - | | | | | | | | |
| $\mathbf{G}_{\mathbf{G}_{7}}^{c}$ | Work up tender design | 62 days | Mon 06/05/19 | Tue 30/07/19 | | | | | - | | | | ו | | | | | | | | | | |
| | Work Up tender package, FOT, Prelims etc | 20 days | Mon 06/05/19 | | | | | | | | , | | 1 | | | | | | | | | | |
| S | SQ Process | 30 days | Mon 03/06/19 | | | | | | | | | | | | | | | | | | | | |
| 39 | Assess SQ's and shortlist tenderers | 15 days | Mon 15/07/19 | | | | | | | | | | 1 | | | | | | | | | | |
| 40 | Issue ITT | 30 days | Mon 05/08/19 | | | | | | | | | _ | | Ţ | | | | | | | | | |
| 41 | Assess ITT Returns | 10 days | Mon 16/09/19 | | | | | | | | | | | | | | | | | | | | |
| 42 | Business Plan Review 4 - Tender Review | 10 days | Mon 23/09/19 | | | | | | | | | | | B | вР | | | | | | | | |
| 43 | Standstill | 10 days | Mon 30/09/19 | | | | | | | | | | | | 1 | | | | | | | | |
| 44 | MDL Approvals | 15 days | Mon 30/09/19 | | | | | | | | | | | | | • | | | | | | | |
| 45 | Instruct contractor | 0 days | Fri 18/10/19 | Fri 18/10/19 | | | | | | | | | | | 18/1 | U | | | | | | | |
| 46 | | | | | | | | | | | | | | | | | | | | | | | |
| 47 | Construction | 263 days | | Wed 21/10/20 | | | | | | | | | | | + | | | | | | | | |
| 48 | Lead in | 20 days | Mon 21/10/19 | | | | | | | | | | | | | | | | | | | | |
| 49 | On Site | 0 days | Fri 15/11/19 | | | | | | | | | | | | | 15/11 | | | | | | | |
| 50 | Construction | 12 mons | Mon 18/11/19 | | | | | | | | | | | | - | | | | | | | | |
| 51 | Handover | 3 days | Mon 19/10/20 | Wed 21/10/20 | | | | | | | | | | | | | | | | | | | |
| 52 | Lattings | 124 days | Mon 27/07/20 | Thu 14/01/24 | | | | | | | | | | | | | | | | | | | |
| 53 | Lettings | 124 days | Mon 27/07/20 | | | | | | | | | | | | | | | | | | | | |
| 54 55 | Marketing - timescale TBC | 3 mons | Mon 27/07/20 | | | | | | | | | | | | | | | | | | | | |
| 55 | First Lettings | 1 day | Thu 22/10/20 | | | | | | | | | | | | | | | | | | | | |
| 50 | Snagging | 3 mons | Fri 23/10/20 | mu 14/01/21 | | | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | | | | | | | |

| Project: 2018-08-28 Merantun Pro Date: Wed 28/11/18 | Task | | Summary | | External Milestone | \$ | Inactive Summary | ~ | Manual Summary Rollup | | Finish-only | 3 | |
|--|-----------|---|-----------------|--|--------------------|------------|------------------|----------|-----------------------|---------|-------------|---|--|
| | Split | | Project Summary | | Inactive Task | | Manual Task |] | Manual Summary | | Deadline | ÷ | |
| | Milestone | • | External Tasks | | Inactive Milestone | \diamond | Duration-only | | Start-only | C | Critical | | |
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