

# **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 [democratic.services@merton.gov.uk](mailto:democratic.services@merton.gov.uk) or telephone [020 8545 3616](tel:02085453616).

All Press contacts: [communications@merton.gov.uk](mailto: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 1 - 6

### **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 matter 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.

## **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

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#### **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).
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#### **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
  - Appoint design team: early Jan
- Planning: Jan – Jul 2019
  - Pre-Application meetings (TBC): Jan
  - Design Review Panel: pre-app (TBC): Feb/Mar
  - 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.

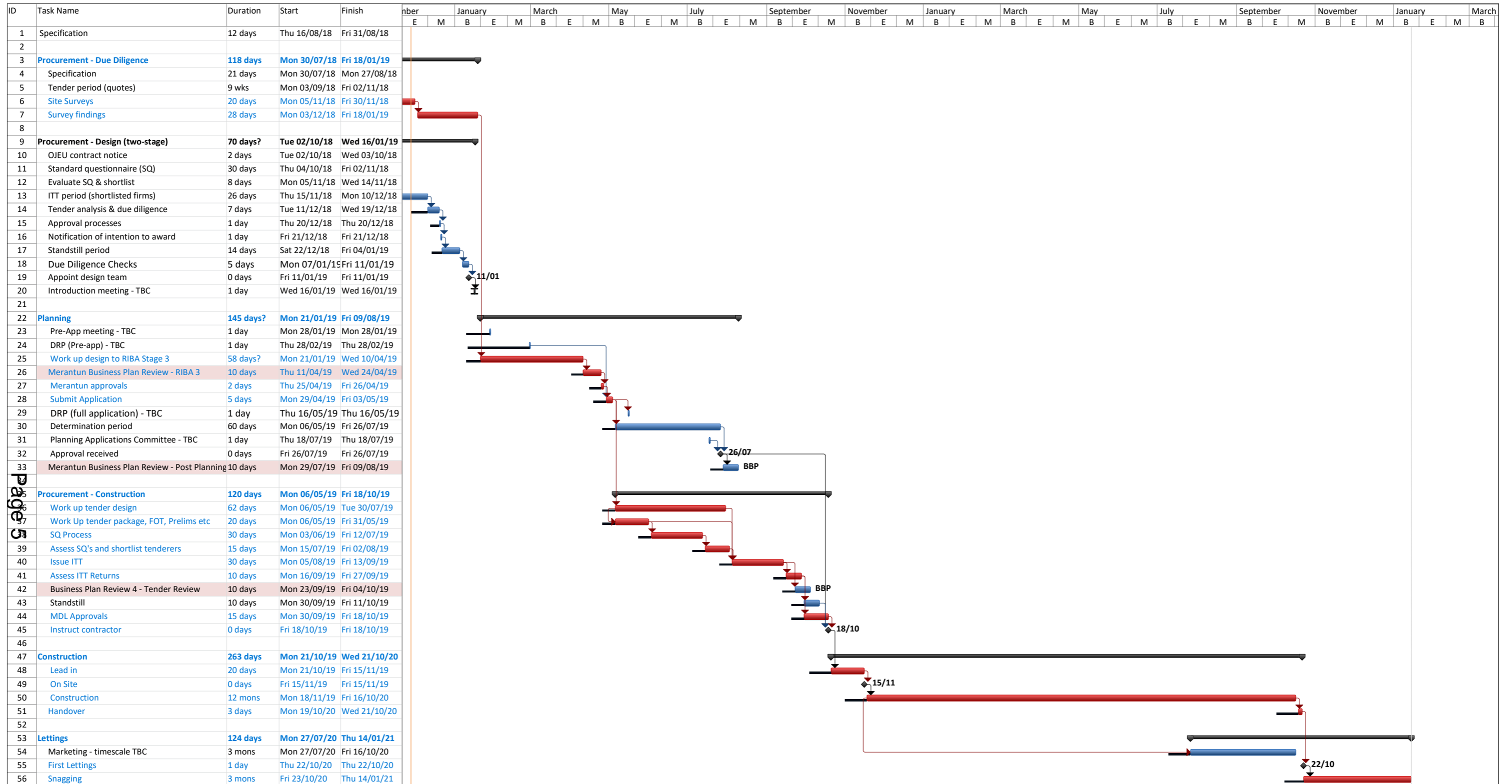
## **10. RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS**

10.1 None for the purposes of this report.

## **11. APPENDICES**

- Appendix A – MDL Programme

## **12. BACKGROUND PAPERS – NONE**



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Project: 2018-08-28 Merantun Pro Date: Wed 28/11/18	Task	Summary	External Milestone	Inactive Summary	Manual Summary Rollup	Finish-only	Critical Split	Progress
	Split	Project Summary	Inactive Task	Manual Task	Manual Summary	Deadline	Progress	Critical
	Milestone	External Tasks	Inactive Milestone	Duration-only	Start-only	Critical	Slippage	Critical

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