

GREATER LONDON AUTHORITY

REQUEST FOR MAYORAL DECISION -- MD2912

MOPAC Colindale Sites

Executive summary:

On behalf of the Mayor's Office for Policing and Crime (MOPAC) the GLA is leading on the procurement of a developer for the disposal of two surplus MOPAC sites in Colindale for residential-led development, to support the delivery of MOPAC's planning portfolio agreement.

As approved under MD2750, a competitive London Development Panel 2 (LDP2) procurement process to select a preferred development partner for the sites has been undertaken. This decision seeks approval for GLA to enter into the project development agreement with MOPAC and Optivo, the preferred development partner, and to oversee and manage the development agreement on behalf of MOPAC to secure the delivery of the scheme.

Decision:

Following completion of a competitive procurement process under the London Development Panel 2, the Mayor approves:

- i. the GLA's entry into the project development agreement with MOPAC and Optivo for two of MOPAC's surplus sites at the former Peel Centre in Colindale, on the terms set out in part 2 of this decision; and to oversee and manage the delivery of the development on behalf of MOPAC as landowner
- ii. the GLA's entry into any ancillary agreements necessary to support the delivery of the scheme.

Mayor of London

I confirm that I do not have any disclosable pecuniary interests in the proposed decision and take the decision in compliance with the Code of Conduct for elected Members of the Authority.

The above request has my approval.

Signature:



Date:

3/2/22

PART I – NON-CONFIDENTIAL FACTS AND ADVICE TO THE MAYOR

Decision required – supporting report

1. Introduction and background

- 1.1. The Metropolitan Police Service (MPS) and MOPAC have identified sites in their estate that are surplus and are seeking to dispose of them to generate funds to support policing activity. As a public sector landowner, its sites must deliver 50 per cent affordable housing when redeveloped. In accordance with the London Plan, this can be achieved across a portfolio of sites. MOPAC entered a portfolio agreement for three of its sites in 2020: Paddington Green Police Station, and two surplus sites at the former Peel Centre in Colindale.
- 1.2. Paddington Green Police Station has been sold to the Berkeley Group, which is seeking to deliver a residential-led scheme on the land in line with the portfolio agreement.
- 1.3. In February 2021, MD2750 provided approval for the GLA to support the disposal of the two sites at the former Peel Centre via the LDP2. The GLA and MOPAC entered a co-operation agreement in March 2021 which set out how the parties will work together on this project, and their respective roles and joint objectives.
- 1.4. There are and will be revenue costs for the GLA in managing the project, and MOPAC will share some of these costs. The GLA's revenue budget is approved through a separate Land Fund Revenue Spend approval (April 2021). MOPAC's contribution is documented in the co-operation agreement.
- 1.5. A competitive LDP2 procurement process to select a preferred development partner for the sites has now been completed. Under the terms of the co-operation agreement, MOPAC must approve the process of evaluation, and confirm its agreement with the selection of the highest-scoring bidder as the preferred delivery partner. In accordance with that process, this Decision was provided to MOPAC in draft form as a report of the procurement process and its outcome. On the basis of the information set out in this decision, MOPAC will seek the necessary approvals to proceed with Optivo as its delivery partner.
- 1.6. This Decision seeks approval for the GLA to proceed to enter into the development agreement with MOPAC and Optivo. The GLA is entering into the development agreement in order to oversee and manage the development on behalf of MOPAC as the landowner. The GLA's role opposite the developer under the terms of the development agreement will include (but is not limited to):
 - monitoring and enforcing the obligations on the part of the developer
 - liaising with the developer on any matters requiring consent, agreement, approval, satisfaction or similar
 - dealing with any formal disputes (with the intention that the GLA will represent both the GLA and MOPAC opposite the developer in any such disputes)
 - receiving and serving any formal notices (save for those relating to the granting of the leases to the developer, and the contracting-out of those leases from the security of tenure provisions of the Landlord and Tenant Act 1954).
- 1.7. MOPAC's role under the development agreement will be limited to the obligations relating to the handling or disposal of the MOPAC land to Optivo.

Procurement process

- 1.8. The LDP2 procurement process commenced in March 2021 and followed the panel's standard call-off procedure, known as a mini-competition. The mini-competition comprises three stages: expression of interest (EOI); sifting; and invitation to tender (ITT).

EOI/sifting stages

- 1.9. At EOI stage, all willing and capable panel members confirm their initial interest in the opportunity. They are then asked to respond to a sifting brief. This brief includes a number of project-specific questions designed to identify the most suitable panel members to bid for the opportunity.
- 1.10. For this project, the sifting brief questions and their respective weightings were as follows:

Table 1 – Sifting brief requirements

	Requirement	Weight
1.	Sites 1 and 2 form part of the former MPS Peel Centre and are surrounded by recently completed/emerging residential development and sensitive police training facilities. The Rowan Drive site also backs onto a busy railway line. Please outline your design approach to the redevelopment of the two sites to ensure successful integration into the local context.	20%
2.	The GLA and MOPAC require a high proportion of affordable housing on the sites (60 per cent, by habitable room, with at least 35 per cent of total housing on each of the two sites being affordable housing). Please set out the potential challenges in delivering high proportions of affordable housing on these sites and set out how you would overcome these challenges to deliver high-quality, integrated and successful development on both sites.	25%
3.	Please set out the approach that you would take to maximise MOPAC's land receipt for the two sites whilst ensuring a high-quality development is delivered.	25%
4.	Please describe the local housing market in terms of product mix, tenure, values and housing need. How would this inform your development proposals and sales strategy for the sites?	10%
5.	Please set out your approach to ensuring successful stakeholder engagement during the planning and delivery of the development, identifying the key stakeholders and your proposed strategy for engaging with them.	10%

6.	Please outline the key risks presented by Brexit and the ongoing Covid-19 pandemic that could impact the development of these sites. Please outline how you would successfully overcome or manage these risks.	10%
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1.11. Responses to the sifting brief were evaluated and scored following a predetermined methodology. The three highest-scoring bidders were then invited to tender.

ITT stage

- 1.12. The three highest-scoring bidders were issued with an ITT brief that set out the opportunity, objectives, minimum requirements, site conditions, title matters, planning considerations and contracting structure for the project.
- 1.13. Bidders were asked to prepare a single development proposal for both sites, using information set out in the ITT, the sifting brief and their own investigations. Proposals must reflect the vision and minimum requirements for the sites; and panel members must be willing to contract with the GLA and MOPAC on the basis of their proposal.
- 1.14. Bidders were also asked to propose a single minimum guaranteed land payment (MGLP); this is the payment they would make to MOPAC for the land if successful. They were also asked to propose a planning and sales overage allowing MOPAC to share in any uplift in the quantum of private homes or value of the scheme.
- 1.15. Bidders were required to structure their proposals around the sections and sub-sections shown in Table 2, below.
- 1.16. The mandatory requirements were evaluated on a pass/fail basis. Following this, 100 marks were made available for the quality requirements (50 marks) and financial requirements (50 marks). This split reflects the GLA and MOPAC's objective of optimising the land payment to MOPAC whilst ensuring a high-quality scheme is delivered.
- 1.17. Panel members were required to achieve a minimum score for some sub-sections as shown in Table 2.

Table 2 – ITT structure		
Section	Weighting	Minimum score
Section A: Mandatory requirements (pass/fail)		
A.1. Details/confirmations regarding: <ul style="list-style-type: none"> the delivery partner any guarantors the Registered Provider for the completed affordable homes the minimum requirements 	Pass/fail	Pass

• insurance		
A.2. Submit an Equalities, Diversity and Inclusion Action Plan	Pass/fail	Pass
A.3. Complete and submit a Form of Tender	Pass/fail	Pass
Section B: Quality requirements (50%)		
B.1. Masterplanning and design	20%	n/a
B.2. Approach to securing planning consent	10%	3: "Satisfactory response"
B.3. Programme, phasing and risk	10%	n/a
B.4. Project management and resourcing	5%	n/a
B.5. Long-term management	5%	n/a
Section C: Financial requirements (50%)		
C.1. MGLP	40%	n/a
C.2. Financial assumptions	5%	3: "Satisfactory response"
C.3. Sales overage	Pass/fail	Pass
C.4. Planning overage	5%	n/a
C.5. Funding strategy and evidence	Pass/fail	Pass

1.18. Proposals were evaluated, scored and weighted by the GLA's evaluation panel using a predetermined methodology.

1.19. The bidder who 'passed' all of the mandatory requirements with the highest overall weighted score (quality plus financial) was Optivo.

1.20. Further details of Optivo's proposal can be found in part 2 of this decision.

2. Objectives and expected outcomes

2.1. Through the LDP2 procurement, the GLA and MOPAC are seeking a development partner to transform both sites by designing and delivering high-quality residential-led development with a high proportion of affordable homes. The development partner will be required to strike a balance between optimising development potential and the land receipt to MOPAC and taking a design-led approach.

2.2. In addition, the following joint objectives for the disposal of the sites are incorporated into the co-operation agreement, and are reflected in the procurement minimum requirements:

- bidders were required to offer a MGLP for both sites and offer planning and sales overage
- proposals must meet the requirements of MOPAC's portfolio agreement, including a minimum of 733 homes of which 60 per cent is affordable housing (by habitable room)

- the 60 per cent affordable housing is to comprise 40 per cent London Affordable Rented homes and 60 per cent London Shared Ownership homes
- in line with the portfolio agreement, each of the two sites must deliver at least 35 per cent affordable housing (by habitable room) to ensure a balanced distribution of tenures
- proposals must meet the requirements of the London Plan and Mayoral directions, and any supplemental guidance produced by the GLA relating to it
- proposals must incorporate the LDP2 fire safety standards
- proposals must deliver MOPAC's security requirements aimed at protecting sensitive neighbouring police uses
- proposals must also reflect the relevant principles of government's 'Pledge for Leaseholders', the GLA Charter for Service Charges for all private sale and shared ownership homes and comply with the principles of the Mayor's 'first dibs' policy
- the charging of ground rents will be prohibited; leasehold homes must be sold with the longest possible lease length; and any houses must be sold freehold to the purchaser.

3. Equality comments

- 3.1. Under section 149 of the Equality Act 2010 (the Equality Act), as a public authority, the GLA must have 'due regard' to the need to eliminate unlawful discrimination, harassment and victimisation; and to advance equality of opportunity, and foster good relations, between people who share a protected characteristic and those who do not. Protected characteristics under the Equality Act comprise age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation, and marriage or civil partnership status.
- 3.2. A key objective of this project is to ensure that the amount of housing, particularly affordable housing, is maximised through the disposal of these sites; and that the certainty of housing delivery is secured through LDP2 contracting.
- 3.3. This will help to reduce disadvantages to all groups in society, including those with protected characteristics, by increasing affordable housing supply. This means more people will be able to access good-quality, affordable homes. More particularly, a minimum of 10 per cent of all homes in the scheme will be designed to meet regulatory standards for part M4(3) Wheelchair User Dwellings, with the remaining homes designed to a minimum M4(2) standard. This decision is therefore expected to have a positive impact on people with a protected characteristic under the Equality Act.
- 3.4. As part of the LDP2 procurement process, bidders prepared an equality, diversity and inclusion (EDI) action plan. Bidders were asked to set out six tangible actions they would take during the delivery of the project, based around the following three themes:
 - organisational equality, diversity and fairness – promoting best practice in employment within the panel members' own organisation by: ensuring workers are treated and paid fairly; tackling discrimination and bias; and advancing EDI to make every employee feel valued

- sustainable and diverse supply chains – ensuring that environmental, social and economic sustainability is promoted through the panel members’ activities and supply chains, and encouraging diversity through procurement activities for the development of the sites
- working together with Londoners – ensuring that the development is inclusive and designed to meet the needs of the local community, by encouraging social integration and maximising opportunities to bring social value to the local community, especially for those that are under-represented groups or those that face significant housing-related inequalities.

3.5. Optivo’s proposal includes a strong EDI action plan themed around:

- diversifying the workforce within the organisation
- promoting inclusive workplace cultures through targeted training
- targets to diversify supply chains
- support to small and medium-sized enterprises (particularly those led by under-represented groups) to access opportunities
- work experience, placements and apprenticeship opportunities targeted at local residents from under-represented groups
- investing in community infrastructure and community group capacity-building
- forming and leading a social value partnership with local stakeholders.

3.6. Optivo’s action plan will be captured in the development agreement and the GLA will monitor progress against their commitments through the life of the project.

4. Other considerations

Key risks and issues

Risk	Impact	Mitigation
Procurement challenge	Project stalls whilst challenge is addressed/resolved	<ul style="list-style-type: none"> • Evaluation of bids in line with evaluation criteria only • Considered feedback reviewed by procurement lawyers is provided to bidders • Retain legal team and engage counsel if a challenge is received
Development agreement cannot be agreed	<ul style="list-style-type: none"> • Project stalls • Delay to delivery of homes and MOPAC’s land receipt 	<ul style="list-style-type: none"> • Use standard form of LDP2 development agreement • Prepare a project-specific development agreement, tailored to the winning bid, to issue to the preferred bidder

		<ul style="list-style-type: none"> • Hold weekly legal meetings during the preparation of the development agreement
Scheme is not acceptable to the local planning authority	<ul style="list-style-type: none"> • Project delays or project failure • Bidder unable to deliver in accordance with ITT • Uncertainty on delivery of portfolio agreement 	<ul style="list-style-type: none"> • Evaluate planning strategy during evaluation • Agree a planning performance agreement with local planning authority • Hold regular targeted pre-apps during design phase • Stakeholder engagement to commence at early stage
Affordable housing mix not acceptable to borough	<ul style="list-style-type: none"> • Project delays • Project cannot deliver affordable housing requirements in ITT 	<ul style="list-style-type: none"> • Early engagement with borough re affordable mix
Changes in the market (e.g. construction costs, labour availability, house price fluctuation) impact scheme viability	<ul style="list-style-type: none"> • Project delays or project failure • Expected homes and land payments not delivered 	<ul style="list-style-type: none"> • Careful analysis of financial assumptions underpinning MGLP • MGLP included in project development agreement • Ongoing monitoring of market conditions

Links to Mayoral strategies and priorities

- 4.1. London Plan (Policy H1) promotes the increase of housing supply in general and affordable housing.
- 4.2. London Plan (Policy H4) outlines a strategic target for 50 per cent of all new homes delivered across London to be affordable and specifically on public-sector land. Under this policy, public-sector landowners with an agreement with the Mayor may provide 50 per cent affordable housing across a portfolio of sites, provided at least 35 per cent affordable housing is provided on each site, with the required affordable housing tenure split on the initial 35 per cent. MOPAC has a portfolio agreement with the Mayor under which the Colindale sites will deliver 60 per cent affordable housing (50 per cent across the portfolio).

Conflicts of interest

- 4.3. There are no known conflicts of interest to note for anyone involved in the drafting or clearance of this form.

5. Financial comments

- 5.1. The decision is seeking approval for GLA to enter into a development agreement with MOPAC and Optivo, for residential development on two sites, which are to be sold to Optivo by

MOPAC. GLA's responsibility within the agreement will be to manage the development on behalf of MOPAC, as detailed in paragraph 1.6 above.

- 5.2. GLA will incur revenue expenditure on the project, and a budget was allocated for this expenditure in MD 2207.

Taxation

- 5.3. There should be no tax or VAT issues in the GLA becoming a party to the development agreement.

6. Legal comments

- 6.1. The GLA is able to use the LDP2 Framework Panel to procure a developer to deliver a housing scheme for these sites jointly with MOPAC. The scheme is to be structured in a way that allows the GLA to procure and manage delivery of the scheme on behalf of MOPAC, whilst MOPAC is obliged to dispose of its land directly to the developer under the development agreement. External advisers are appointed, and the proposed structure and process will be subject to further legal advice as the scheme progresses.

- 6.2. Section 30 of the Greater London Authority Act 1999 (as amended) (GLA Act) gives the Mayor a general power to do anything that he considers will further one or more of the principal purposes of the GLA as set out in section 30(2), which are:

- promoting economic development and wealth creation in Greater London
- promoting social development in Greater London
- promoting the improvement of the environment in Greater London

and, in formulating the proposals in respect of which a decision is sought, officers confirm they have complied with the GLA's related statutory duties to:

- pay due regard to the principle that there should be equality of opportunity for all people
- consider how the proposals will promote the improvement of health of persons in Greater London; promote the reduction of health inequalities between persons living in Greater London; contribute towards the achievement of sustainable development in the United Kingdom; and contribute towards the mitigation of or adaptation to climate change in the United Kingdom
- consult with appropriate bodies.

- 6.3. Sections 1 to 3 of this report indicate that the decision requested falls within the GLA's statutory powers.

7. Planned delivery approach and next steps

- 7.1. Once MOPAC has secured the necessary approvals to select Optivo as the preferred development partner, the bidders will be notified of the outcome of the mini-competition and provided with detailed feedback. There will be a two-week standstill period following this notification, after which the preferred bidder can be formally awarded the contract.

- 7.2. The GLA, on behalf of itself and MOPAC, will then work with the preferred bidder to prepare a project-specific development agreement and building lease, using the LDP2 call-off documents. Once agreed, the development agreement will be entered by the three parties. Further details on the structure and terms of the development agreement can be found in part 2 of this decision.
- 7.3. Once the developer has satisfied the conditions in the development agreement, they will be granted a building lease (one for each phase of the development). This will enable the developer to take an interest in the land and build out the scheme.
- 7.4. An indicative timetable for the above can be found below.

Activity	Timeline
MOPAC obtains approval to proceed with Optivo	February 2022
Bidders notified of the outcome of the mini-competition	February 2022
End of standstill period	February 2022
Enter project development agreement	May 2022
Planning consent secured	May 2023
Start on site phase 1	June 2023

Appendices and supporting papers:

Appendix 1 – Site plan

Public access to information

Information in this form (Part 1) is subject to the Freedom of Information Act 2000 (FoIA) and will be made available on the GLA website within one working day of approval.

If immediate publication risks compromising the implementation of the decision (for example, to complete a procurement process), it can be deferred until a specific date. Deferral periods should be kept to the shortest length strictly necessary. **Note:** This form (Part 1) will either be published within one working day after it has been approved or on the defer date.

Part 1 – Deferral

Is the publication of Part 1 of this approval to be deferred? **YES**

If YES, for what reason: to allow the GLA to notify bidders of the outcome and the standstill period to pass before the decision is published.

Until what date: **20 February 2022 (please check with Drafting Officer before publishing)**

Part 2 – Sensitive information

Only the facts or advice that would be exempt from disclosure under the FoIA should be included in the separate Part 2 form, together with the legal rationale for non-publication.

Is there a part 2 form – Yes

ORIGINATING OFFICER DECLARATION:

Drafting officer to confirm the following (✓)

Drafting officer:

Lauren Noble has drafted this report in accordance with GLA procedures and confirms the following:

✓

Sponsoring Director:

Rickardo Hyatt has reviewed the request and is satisfied it is correct and consistent with the Mayor's plans and priorities.

✓

Mayoral Adviser:

Tom Copley has been consulted about the proposal and agrees the recommendations.

✓

Advice:

The Finance and Legal teams have commented on this proposal.

✓

Corporate Investment Board

This decision was agreed by the Corporate Investment Board on 31 January 2022

✓

EXECUTIVE DIRECTOR, RESOURCES:

I confirm that financial and legal implications have been appropriately considered in the preparation of this report.

Signature

Date

D. Gane

1/2/22

CHIEF OF STAFF:

I am satisfied that this is an appropriate request to be submitted to the Mayor

Signature

Date

D. Zellmer

31/1/22