

GREATER LONDON AUTHORITY

REQUEST FOR ASSISTANT DIRECTOR DECISION – ADD2113

Title: Hounslow House Financial Viability Independent Assessment

Executive Summary:

Approval of additional expenditure to cover the costs of consultancy fees accumulated during the referral of the Hounslow House Planning Application.

(See attached DAR, dated 8.11.16 This authorised expenditure of £9,750 for Gerald Eve to provide specialist advice; specifically to review and prepare a report on the applicant's Financial Viability Assessment in order to allow the Mayor to reach an informed decision on the planning application at Hounslow House.)

Decision:

That the Assistant Director of Planning approves:

- Retrospective expenditure of up to £8,905 on additional consultancy costs for viability review work and consultants' attendance at meetings. The final total value of the work will be £18,655; and
- a related exemption from the requirement of the GLA's Contracts and Funding Code to varying the GLA's existing contract with the current Consultant, Gerald Eve without carrying out a competitive competition for this additional work.

AUTHORISING ASSISTANT DIRECTOR/HEAD OF UNIT:

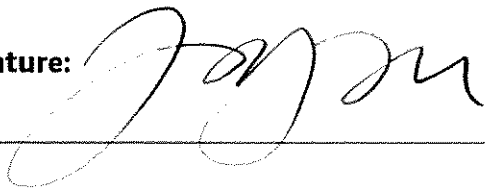
I have reviewed the request and am satisfied it is correct and consistent with the Mayor's plans and priorities.

It has my approval.

Name: Juliemma McLoughlin

Position: Assistant Director of Planning

Signature:



Date:

9/5/17

PART I - NON-CONFIDENTIAL FACTS AND ADVICE

Decision required – supporting report

1. Introduction and background

- 1.1 On 6 December 2016 the GLA received a Stage 2 referral for the planning application at Hounslow House. In order to allow the Mayor to reach an informed decision, specialist advice was required with regard to whether the applicant proposed the maximum reasonable amount of affordable housing. The advice involved scrutinising the applicant's Financial Viability Assessment and the independent review of this by consultants commissioned by Hounslow Council. Gerald Eve was engaged to provide these services.

2. Justification for the Single Source Procurement the Exemption from the Contracts and Funding Code

- 2.1 As the final total value of the work will be £18,655 a tender process would normally have been required in accordance with section 4 of the GLA's Contracts and Funding Code. The engagement of Gerald Eve for the provision of the services was originally approved by Delegated Authority Record (DAR) (the services having an original value of £9,750) in November 2016.
- 2.2 Two companies were approached by email to carry out the original work approved under the above mentioned DAR. In view of the expediency required in this case (there is a 14 day deadline for the Mayor's decision) and the fact that they have provided similar advice on recent schemes (Westferry Printworks, Bishopsgate Goodsynd) to good effect, the decision was to contract Gerald Eve for this purpose, as the other company could not carry out the work on time.
- 2.3 The additional costs were associated with the requirement to meet with the planning applicant for Hounslow House and GLA officers on two occasions and to re-run appraisal figures with inputs which were subsequently provided by the applicant. Whilst hourly rates were set out in the accepted fee proposal, it was not known at that time whether any additional work other than producing the report was required.
- 2.4 Officers acknowledge the need to procure services with a value of the expenditure proposed competitively. In this instance however, officers are of the opinion that section 5 of the GLA's Contracts and Funding Code applies in that an exemption from that requirement may be justified on the basis that, as noted above, Gerald Eve had previous involvement on this project and the project required continuation of its existing work.

3. Objectives and expected outcomes

3.1 Objective

The GLA's objective is to obtain specialist financial services advice in order to inform the Mayor's decision on this referred application, to ensure that the maximum reasonable amount of affordable housing would be delivered in line with London Plan policy.

3.2 Outcome

The outcome of the work commissioned is a written advice report and addendum which incorporates a financial viability assessment. This work was used to inform the Mayor's Stage 2 decision on the case, which was issued on 19 December 2016 (GLA ref: 2279d).

4. Equality comments

- 4.1 The review of financial viability is necessary to ensure the delivery of the maximum reasonable amount of affordable housing in this scheme in Hounslow, and was an important aspect in the Mayor's decision on whether to direct refusal of the application or to allow Hounslow Council to determine it. The Equality Act 2010 provides that in exercising its functions, the Mayor as a public authority shall amongst other duties have due regard to the need to a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited under the Act, b) advance equality of opportunity amongst persons who share a relevant protected characteristic and those who do not share it; c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
- 4.2 The protected characteristics set out in the Equalities Act are: age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation. The Equality Act acknowledges that compliance with the duties set out may involve treating some persons more favourably than others, but that this does not permit conduct that would otherwise be prohibited under the Act.
- 4.3 With regard to age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation, there are no identified equality considerations which arise in respect of this request for Assistant Director Decision.

5. Other considerations

- 5.1 Links to Mayoral strategies and priorities
The work is fundamental to the implementation of the Mayor's London Plan which identifies that the delivery of affordable housing is a key Mayoral priority. The completion of this work enabled the Mayor to decide whether the referred application scheme delivered the maximum reasonable amount of affordable housing in line with relevant London Plan Policy. Accordingly, this enabled the Mayor to fulfil his statutory duty under The Greater London Authority Acts 1999 and 2007 and the Town and Country Planning (Mayor of London) Order 2008.
- 5.2 Retrospective approval
Approval for expenditure on this work up to £9,750 is in place; however additional unforeseen consultancy fees of £8,905 were incurred during the course of the work, in line with the original fee proposal which set out hourly rates. The work carried out by Gerald Eve comprised the independent review of the submitted financial viability information and the subsequent attendance at meetings with the applicants and GLA officers to discuss the outcomes and agree a way forward. These additional services were provided at very short notice in view of the 14 day statutory deadline from the date of the referral to the date of the Mayor's decision. The need for additional work was not known at the time of the original procurement of Gerald Eve's services as such additional work depended on the conclusions of the report that they were commissioned to produce.

6. Financial comments

- 6.1 Retrospective approval is being sought for expenditure up to £8,905 to cover additional consultancy costs which have been accrued through additional viability review work and consultants' attendance at meetings with the applicant and the GLA. The cost is to be funded from Planning's 2016-17 Call-In Budget.

7. Legal Comments

7.1 The forgoing sections of this report indicate that:

7.1.1 the decisions requested of the Assistant Director (acting pursuant to the GLA's Scheme of Delegation) concerns the exercise of the GLA's general powers, falls with the GLA's statutory powers to do such things considered to further or which are facilitative of, conducive or incidental to the promotion of economic development and wealth creation, social development or the promotion of the improvement of the environment in Greater London; in formulating the proposals in respect of which a decision is sought officers have complied with the GLA's related statutory duties to:

- (a) pay due regard to the principle that there should be equality of opportunity for all people;
- (b) consider how the proposals will promote the improvement of health of persons, health inequalities between persons and to contribute towards the achievement of sustainable development in the United Kingdom; and
- (c) consult with appropriate bodies.

7.2 Section 4.1 of the Contracts and Funding Code ("Code")) requires the GLA to seek a call-off from a suitable framework, where possible, or if not, under a formal tender process which will be managed by TfL in respect of the supplies/services. However, the Assistant Director may approve an exemption from this requirement under section 5 of the Code upon certain specified grounds. One of those grounds is that the approval of the exemption can be granted if there has been a continuation of existing work which cannot be separated from the new work. Officers have indicated at paragraph two of this report that this ground applies. On this basis the Assistant Director may approve the proposed exemption if satisfied with the content of this report.

7.3 This approval is sought retrospectively, the reasons for which are set out at Section five of this report. Accordingly, the Director should take account of those reasons in considering whether to approve the recommendations of this report. Officers should be reminded of the important of seeking approvals in advance.

7.4 Officers must ensure that appropriate contractual documentation is put in place and executed by Gerald Eve and the GLA.

8. Planned delivery approach and next steps

8.1 At the time of finalising this ADD the work commissioned in this case has been completed and the Mayor's Stage 2 decision has been issued to Hounslow Council.

Appendices and supporting papers:

- Hounslow House Financial Viability Independent Assessment

Public access to information

Information in this form (Part 1) is subject to the Freedom of Information Act 2000 (FOI Act) 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 approval or on the defer date.

Part 1 Deferral:

Is the publication of Part 1 of this approval to be deferred? NO

If YES, for what reason:

Until what date: (a date is required if deferring)

Part 2 Confidentiality: Only the facts or advice considered to be exempt from disclosure under the FOI Act should be in the separate Part 2 form, together with the legal rationale for non-publication.

Is there a part 2 form –NO

ORIGINATING OFFICER DECLARATION:**Drafting officer:**

Katherine Wood has drafted this report in accordance with GLA procedures and confirms that the Finance and –if relevant– Legal teams have commented on this proposal as required, and this decision reflects their comments.

Corporate Investment Board:

The Corporate Investment Board reviewed this proposal on 8 May 2017

HEAD OF FINANCE AND GOVERNANCE:

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

Signature:



Date:

08.05.17

