

Proc. Ref. No.
SST/11221

**Greater London Authority
Single Source Request**

SUBJECT	Southall CPO Surveyor & Valuation Services	Date: 4th March 2014
Originating Department: Strategic Projects and Property		Cost Centre / WBS code No:
Submitted By (Budget Holder): Redacted		Prepared By: Redacted
<i>Signature</i>	Redacted	<i>Signature</i> Redacted
<i>Print</i>		<i>Print</i>
<p>The Budget Holder accepts that in submitting this single source request it may be subject to challenge as "anti competitive" by an external third party under the EC Treaty of Rome.</p>		

Consultees/Procurement Comments	
Legal Specialist:	
Procurement comments: APPROVED	
Procurement signature (only if approved)	
<i>Signature</i>	Redacted
<i>Print</i>	
	Date 6-3-14
	Shopping Cart No.
<i>Single Source Request Value</i> £129,400	PO No.

1 Purpose of Goods / Services

The Single Source Request is for the appointment of Deloitte to provide valuation advice and undertake negotiation with property owners in relation to the proposed Southall Compulsory Purchase order in light of their previous engagement in the project and detailed project knowledge having being previously appointed by St James in this capacity.

2 Background

St James approached the GLA to request that a Compulsory Purchase Order was pursued in relation to the Southall Gas Works site. St James has a Conditional Purchase Agreement with National Grid for the Southall Gas Works and a live planning permission to build up to 3,750 homes.

In order to implement the permission St James proposes to negotiate with landowners to acquire land to access the site where possible. However, should it not be possible to acquire the necessary parcels of land through negotiation it is proposed that the GLA's CPO powers will be used to secure the necessary land accesses to the main site and to create new access points over third party land to achieve the regeneration of a redundant

gas works and to bring back into use a large tract of land for homes and commercial uses. It is intended that CPO will be the method of last resort and that all efforts are made to acquire through agreement.

Currently the GLA and St James are working towards the agreement of the Heads of Terms for a Promotion Agreement which will set out the terms of engagement for the project and has signed an indemnity agreement with St James in which St James undertakes to pay all the GLA's costs in relation to pursuing the CPO. The costs include staff time and consultant appointments which are being invoiced to St James on a monthly basis. The project has been broken down into stages to enable the GLA's decision making process to determine the level of involvement in the endeavour and to prevent the GLA being fully committed to the project too early. As yet, the GLA has not given permission for the preparation of the CPO, there is further work to be undertaken in negotiation of the Promotion Agreement before the making of the CPO is permitted.

As developers with a planning permission in place, St James has undertaken a considerable amount of preparatory work speaking to the land holders and seeking to acquire the land by private treaty. The aim being to avoid having to CPO as much of the required land as possible. Deloitte has been appointed as specialist advisor to St James in this regard and therefore has been working with the St James team since the inception of the project. As the potential acquiring authority the GLA needs to demonstrate that it has sought to reach agreement with landowners through negotiation before resorting to the CPO process and therefore it is important that the GLA capitalises on the experience that Deloitte has gained to date and remains consistent in the approach to the landowners. Deloitte has been working, in conjunction with local agents, to meet with land and property owners and therefore has built up a strong network of relationships in the local area and is a recognised presence in relation to the project.

It is proposed that Deloitte are therefore reinstructed by the GLA (at St James' cost) at the point at which the CPO is publicised and acts for the GLA. It will be important to clearly communicate this change of appointment to the landowners that are engaged in negotiation but the benefit of Deloitte's experience and knowledge of the project is deemed to be sufficiently valuable that it is worth carefully managing this process. Deloitte has already prepared the Property Cost Estimate for the project and therefore there is a framework for reference.

In this instance the GLA would have the direct appointment to Deloitte and St James would retain a duty of care. It has been confirmed by the legal advisors to the project that it is necessary for the GLA to be the appointing body and that a duty of care from Deloitte would be insufficient in this instance because of the nature of the negotiation and advice that will be required and the ability of the GLA to rely on Deloitte to have the commercial interest of the GLA as client in primary position. St James would be at liberty to procure any additional commercial advice that they feel appropriate.

On the basis of the expertise that Deloitte hold in this case the appointment is proposed to be a Single Source Request on behalf of the GLA to continue the appointment through the project lifecycle to enable the GLA to benefit from the knowledge of previous negotiations.

3 Alternatives

There is the opportunity to procure specialist advice to this project before the CPO is made public and open up the appointment to competition but the knowledge gained by

Deloitte in negotiations to date, in addition to the relationships that have been invested in with small land/property owners could be lost and a consistent approach by the developer and the acquiring authority would be compromised by appointing a different consultant to the task.

4 Impact on Funds

St James have indemnified the GLA against the costs of this appointment and therefore it is an in principle SSR that is requested, as St James will be meeting the fee costs. It is proposed that Deloitte would present split invoices – sending the VAT only invoice to the GLA and the net amount to St James.

The reason for the SSR despite the indemnity against costs is that the service that Deloitte will provide could be provided by another company, so despite the nil cost to the GLA it is necessary to justify the appointment in procurement terms.

Once the CPO is confirmed, the commission up to an inquiry is likely to be within the region of the OJEU threshold.

Deloitte current cost estimate has been set out in the confidential Annex 1.

5 Recommendation(s)

To approve the appointment of Deloitte for valuation and purchase negotiation services in relation to the Southall CPO on behalf of the GLA.

6 Disclaimer (for Budget Holder)

I, the client, am fully aware of the requirements of the Transport for London Business Ethics policy.

I, and any other persons involved in the selection of this supplier, declare that I/we have no existing financial or other interests in the recommended supplier for this transaction and I/we am/are not aware that any close relative or friend has any such interests.

I, and any other persons involved in the selection of this supplier, declare that I/we have not received in the last 12 months any offer of gifts or hospitality from the recommended supplier for this transaction other than those I/we have already disclosed.

I understand that nothing I have signed seeks to circumvent the provisions of the Public Interest Disclosure Act 1998.

