

United Kingdom-Huyton: Building construction work
OJ S 250/2019 30/12/2019
Contract award notice
Works

Legal Basis:

Directive 2014/24/EU

Section I: Contracting authority

I.1. Name and addresses

Official name: Knowsley Metropolitan Borough Council
Postal address: 2nd Floor, Municipal Building, Archway Road
Town: Huyton
NUTS code: UKD7 Merseyside
Postal code: L36 9YU
Country: United Kingdom
Contact person: Mike Dearing
E-mail: mike.dearing@knowsley.gov.uk
Telephone: +44 1514433672

Internet address(es):

Main address: www.knowsley.gov.uk

I.4. Type of the contracting authority

Regional or local authority

I.5. Main activity

General public services

Section II: Object

II.1. Scope of the procurement

II.1.1. Title

Development of Retail offering in Kirkby Town Centre

II.1.2. Main CPV code

45210000 Building construction work

II.1.3. Type of contract

Works

II.1.4. Short description

As part of the Knowsley Metropolitan Borough Council's (the 'Council') 'Strategy for Knowsley 2016-2020', the Council committed to delivering a new retail offering in Kirkby town centre in order to regenerate the area. The Council identified a number of sites in the town centre area, that it wished to purchase in order to achieve its regeneration objective. The sites were owned by St Modwen Developments (Kirkby 2) Ltd ('St Modwen'). It was a condition of sale of the sites that the Council entered into a development management agreement with St Modwen

under which St Modwen would design and build a retail development and manage the leasing of that development. The value shown in the section below is the current estimated value but may vary upwards or downwards.

II.1.6. Information about lots

This contract is divided into lots: no

II.1.7. Total value of the procurement

Value excluding VAT: 21 500 000,00 GBP

II.2. Description

II.2.2. Additional CPV code(s)

45111000 Demolition, site preparation and clearance work, 45351000 Mechanical engineering installation works, 45213111 Shopping centre construction work, 65000000 Public utilities, 71220000 Architectural design services, 71312000 Structural engineering consultancy services, 90700000 Environmental services, 71530000 Construction consultancy services, 70130000 Letting services of own property, 79100000 Legal services, 44212381 Cladding

II.2.3. Place of performance

NUTS code: UKD7 Merseyside

II.2.4. Description of the procurement

The Council has acquired further land interests in Kirkby Town Centre to facilitate regeneration. These were Kirkby Town Centre, on land north of Cherryfield Drive, Kirkby; the Shopping Centre known as St Chads Parade; and a bare development site known as land to the south of Cherryfield Drive (which together comprise the 'Sites').

The Sites are in Kirkby Town Centre. The Sites were previously owned freehold and long leasehold by St Modwen who agreed to sell the Sites to the Council conditional on the Council entering into the Development Management Agreement ('DMA') with St Modwen.

Under the terms of the DMA, St Modwen will be responsible for the redevelopment of Kirkby Town Centre. This will include an obligation to procure, manage, monitor and supervise the design, construction and completion of a new retail development to be anchored by a Morrisons supermarket and, more particularly defined under St Modwen's planning consent, authorising the erection of a mixed use development comprising a foodstore and non-food retail shops (Use Class A1) food and drink uses (Use Classes A3/A5), petrol filling station, car parking, landscaping, highways improvements and other associated works (including 3 electricity substations) on land bound by Norwich Way, Hall Lane, County Road and Irlam Drive, and the construction of a car park with ancillary works on land off Cherryfield Drive and Cherryfield Crescent dated 9.11.2017 and was issued on 20.11.2017 and referenced 17/00559/FUL) as amended by a further planning permission (referenced 19/00228/FUL) issued on 12.11.2019.

St Modwen as the previous owner of the Sites concluded pre-lets with 3 tenants, conditional on construction of the relevant units. Under the DMA St Modwen are also to be responsible for managing the leases of un-let space in the new retail development. The DMA also includes provision for St Modwen carrying out car park works on the land to the South of Cherryfield Drive.

St Modwen have concluded the terms of a JCT contract to design and construct the development with a main building contractor, GMI Construction Group plc ('GMI'). St Modwen have also appointed letting agents. Design consultants have already been or will be selected

by St Modwen and/or GMI. St Modwen are obliged to procure collateral warranties (containing step in rights) in favour of the Council from the key design consultants, employer's agent and GMI.

It is the intention to start the works covered by the DMA in December 2019.

II.2.5. Award criteria

Price

II.2.11. Information about options

Options: no

II.2.13. Information about European Union funds

The procurement is related to a project and/or programme financed by European Union funds:
no

II.2.14. Additional information

Section IV: Procedure

IV.1. Description

IV.1.1. Type of procedure

Award of a contract without prior publication of a call for competition in the Official Journal of the European Union in the cases listed below

- The procurement falls outside the scope of application of the directive

Explanation:

The Council relied on Regulation 32(2)(b)(iii) to enter into the Development Management Agreement with St Modwen.

As part of the Council's 'Strategy for Knowsley 2016-2020', the Council committed to developing sustainable town centres. As part of this the Council would deliver a new retail, leisure and evening economy offering in Kirkby town centre and in particular the provision of a retail foodstore. Kirkby is a town of over 41 000 population. There is limited space suitable for this type of development within the existing town centre.

In order to meet this commitment the Council needed to acquire land in and around the existing town centre in order to regenerate Kirkby town centre. St Modwen were the freehold and long leasehold owner of several strategic plots in Kirkby town centre that the Council wished to acquire. There were no other strategic land owners within the centre other than the Council and St Modwen. The sites that the Council acquired from St Modwen are on land north of Cherryfield Drive, Kirkby; the Shopping Centre known as St Chads Parade; and a bare development site known as land to the south of Cherryfield Drive ('the Sites') This notice concerns the Sites. St Modwen had exclusive rights over the Sites as the holder of the freehold and long leasehold interest with the reversion vested in the Council. St Modwen agreed to the sale of the Sites to the Council, despite their existing exclusive rights, on the express condition that the parties enter into a Development Management Agreement simultaneously to the sale and purchase agreement. The Development Management Agreement obliges St Modwen to deliver the works for the Kirkby town centre retail development together with a number of design and build services. St Modwen are also responsible for managing the leasing of the development.

The Development Management Agreement will deliver the Council's commitment. This site already has the benefit of planning permission for a retail park and has sufficient scale to deliver what is required by the planning permission in terms of parking, servicing and units. This Development Management Agreement also commits St Modwen to delivering 3 significant tenants who are already signed up to take leases within the retail park. There was no other site of equivalent scale in the town centre that could have been delivered in the same timeframe at the same cost whether by private acquisition or by utilising CPO powers. The Council concluded that there would be little benefit in undertaking such a development from scratch in an alternative area as any new scheme would fail through competition with the current site. There was not sufficient capacity within Kirkby for 2 such retail parks. The Council therefore had no option but to proceed with this transaction, bound by the position of St Modwen which has existing exclusive rights over the Sites, to ensure that the development was carried out without further delay which would be likely to result in detriment to the local area and local economy.

IV.1.3. Information about a framework agreement or a dynamic purchasing system

IV.1.8. Information about the Government Procurement Agreement (GPA)

The procurement is covered by the Government Procurement Agreement: no

IV.2. Administrative information

IV.2.1. Previous publication concerning this procedure

Notice number in the OJ S: [2019/S 216-529280](#)

IV.2.8. Information about termination of dynamic purchasing system

IV.2.9. Information about termination of call for competition in the form of a prior information notice

Section V: Award of contract

Title:

Development of Rental offering in Kirkby Town Centre

A contract/lot is awarded: yes

V.2. Award of contract

V.2.1. Date of conclusion of the contract

27/11/2019

V.2.2. Information about tenders

Number of tenders received: 1

The contract has been awarded to a group of economic operators: no

V.2.3. Name and address of the contractor

Official name: St Modwen Developments (Kirkby 2) Ltd

Town: Birmingham

NUTS code: UKG31 Birmingham

Country: United Kingdom

The contractor is an SME: no

V.2.4. Information on value of the contract/lot

Total value of the contract/lot: 21 500 000,00 EUR

V.2.5. Information about subcontracting

The contract is likely to be subcontracted Short description of the part of the contract to be subcontracted:

Under the DMA St Modwen are obliged to award a building contract to GMI and manage it to deliver the development. Specialist construction contractors will undertake specialist works when necessary. St Modwen will sub-contract professional services necessary for a design and build contract and will appoint letting agents in respect of the requirement to manage the leasing of the development.

Section VI: Complementary information

VI.3. Additional information

The Council relied on Regulation 32(2)(b)(iii) to enter into the Development Management Agreement with St Modwen.

As part of the Council's 'Strategy for Knowsley 2016-2020', the Council committed to developing sustainable town centres. As part of this the Council would deliver a new retail, leisure and evening economy offering in Kirkby town centre.

The Council wished to acquire land in and around the town centre in order to regenerate Kirkby town centre. St Modwen were the freehold and long leasehold owner of several strategic plots in Kirkby town centre that the Council wished to acquire. There were no strategic land owners within the centre other than the Council and St Modwen. The sites in question are on land north of Cherryfield Drive, Kirkby; the Shopping Centre known as St Chads Parade; and a bare development site known as land to the south of Cherryfield Drive ('the Sites') This notice concerns the Sites. St Modwen had exclusive rights over the Sites as the holder of the freehold and long leasehold interest with the reversion vested in the Council. St Modwen agreed to the sale of the Sites to the Council, despite their existing exclusive rights, on the express condition that the parties enter into the Development Management Agreement simultaneously to a sale and purchase agreement for the Sites. The Development Management Agreement obliges St Modwen to deliver the works together with a number of design and build services. St Modwen will also be responsible for managing the leasing of the development.

Kirkby is a town of over 41 000 population. There is limited space suitable for this development. The relevant site is in the town centre and the Council has a longstanding commitment to new retail facilities in the existing town centre and in particular the provision of a retail foodstore. These arrangements deliver that commitment. This site already has the benefit of planning permission for a retail park and has sufficient scale to deliver what is required by the planning permission in terms of parking, servicing and units.

This site has the benefit of 3 significant tenants already signed up to take leases within the completed retail park and therefore can be income producing for the Council and operational in the shortest amount of time.

There was no other site of equivalent scale in the Kirkby town centre that could have been delivered in the same timeframe at the same cost whether by private acquisition or by utilising CPO powers. There would have been no benefit in the Council undertaking such a development from scratch in an alternative area as any new scheme would have failed through competition with the current site. There was not sufficient capacity within Kirkby for 2 such retail parks.

The Council therefore had no option but to proceed with this transaction, bound by the position of St Modwen which had existing exclusive rights over the Sites, to ensure that the

development is carried out without further delay (which would have been likely to result in detriment to the local area and local economy).

VI.4. Procedures for review

VI.4.1. Review body

Official name: Knowsley Metropolitan Borough Council

Town: Huyton

Country: United Kingdom

VI.5. Date of dispatch of this notice

24/12/2019