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Contract

## **Euston Station Over Site Development (OSD) — Master Development Partner (MDP)**

HS2 Ltd

F20: Modification notice

Notice identifier: 2021/S 000-030610

Procurement identifier (OCID): ocids-h6vhtk-02ff09

Published 8 December 2021, 10:45pm

### **Section I: Contracting authority/entity**

#### **I.1) Name and addresses**

HS2 Ltd

High Speed Two (HS2) Ltd, Two Snowhill, Queensway

Birmingham

#### **Email**

[scc@hs2.org.uk](mailto:scc@hs2.org.uk)

#### **Country**

United Kingdom

#### **NUTS code**

UK - United Kingdom

#### **Internet address(es)**

Main address

<https://www.gov.uk/government/organisations/high-speed-two-limited>

Buyer's address

<https://www.gov.uk/government/organisations/high-speed-two-limited>

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## **Section II: Object**

### **II.1) Scope of the procurement**

#### **II.1.1) Title**

Euston Station Over Site Development (OSD) — Master Development Partner (MDP)

#### **II.1.2) Main CPV code**

- 70000000 - Real estate services

#### **II.1.3) Type of contract**

Services

### **II.2) Description**

#### **II.2.2) Additional CPV code(s)**

- 45000000 - Construction work
- 45200000 - Works for complete or part construction and civil engineering work
- 45210000 - Building construction work
- 45211000 - Construction work for multi-dwelling buildings and individual houses
- 45211340 - Multi-dwelling buildings construction work
- 45211341 - Flats construction work
- 45211350 - Multi-functional buildings construction work
- 45211360 - Urban development construction work
- 45213000 - Construction work for commercial buildings, warehouses and industrial buildings, buildings relating to transport
- 45213100 - Construction work for commercial buildings

- 45213150 - Office block construction work
- 45213300 - Buildings associated with transport
- 45213320 - Construction work for buildings relating to railway transport
- 45213350 - Construction work for buildings relating to various means of transport
- 45215214 - Residential homes construction work
- 70110000 - Development services of real estate
- 70111000 - Development of residential real estate
- 70112000 - Development of non-residential real estate
- 70120000 - Buying and selling of real estate
- 70123000 - Sale of real estate
- 71200000 - Architectural and related services
- 71210000 - Advisory architectural services
- 71220000 - Architectural design services
- 71221000 - Architectural services for buildings
- 71222000 - Architectural services for outdoor areas
- 71240000 - Architectural, engineering and planning services
- 71300000 - Engineering services
- 71310000 - Consultative engineering and construction services
- 71400000 - Urban planning and landscape architectural services
- 71410000 - Urban planning services
- 71420000 - Landscape architectural services
- 71500000 - Construction-related services

### **II.2.3) Place of performance**

NUTS codes

- UK - United Kingdom

Main site or place of performance

Above and around Euston Station in London.

#### **II.2.4) Description of the procurement at the time of conclusion of the contract:**

The Secretary of State for Transport (SoS) is delivering a new terminus station for High Speed 2 at Euston Station. Network Rail (NR) are owners of the adjacent “Conventional Station” and surrounding lands. SoS and NR have brought together their land holdings at Euston, creating an estate capable of accommodating significant commercial and residential development and have prepared a Masterplan to quantify the development potential of the Euston Estate. SoS and NR (together, the Contracting Authorities) have entered into a Collaboration Agreement to effectively pool their respective ownerships in the public interest and also to streamline decision making between the Contracting Authorities.

The Overarching Objectives of the Contracting Authorities are to: deliver a high quality mixed use development of the Euston Estate, create significant economic and social benefits for the local, regional and national economy and maximise financial returns from a development of the Euston Estate.

The Contracting Authorities have jointly procured an MDP to support the delivery of the Overarching Objectives. The Contracting Authorities have entered into a Contract with the MDP (the Development Agreement and ancillary agreements) to govern the terms of the development of the Euston Estate. The terms of the Contract are designed to secure the delivery of the Overarching Objectives and other key deliverables, broadly covering the following stages:

Stage 1 — Masterplanning and Stations Interface,

Stage 2 — Outline Planning Application,

Stage 3 — Plot Progress,

Stage 4 — Estate Management.

The Contract together with an agreed form of Business Plan embodies the agreed deliverables and will together be the key documents for judging the performance of the MDP, and contains performance criteria against which the MDP will be measured across the life of the scheme.

It is envisaged that the Contract will extend for a period of 25 years unless terminated earlier in specified circumstances, and it may be extended by agreement between the parties (up to a total duration of 40 years).

Information about options:

Description of options:

- (i) Option to draw-down development plots and develop OSD with the draw-down process as governed by the Contract;
- (ii) Option to develop above/around the NR Conventional Station, pending funding for station redevelopment; and
- (iii) Option to extend contract for total duration of 40 years, in accordance with the provisions as set out in the Contract

#### **II.2.7) Duration of the contract, framework agreement, dynamic purchasing system or concession**

Duration in months

480

#### **II.2.13) Information about European Union Funds**

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

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## **Section IV. Procedure**

### **IV.2) Administrative information**

#### **IV.2.1) Contract award notice concerning this contract**

Notice number: [2018/S 063-140457](#)

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## **Section V. Award of contract/concession**

### **Contract No**

C1000\_1894

### **V.2) Award of contract/concession**

#### **V.2.1) Date of conclusion of the contract/concession award decision:**

15 March 2018

#### **V.2.2) Information about tenders**

The contract/concession has been awarded to a group of economic operators: No

#### **V.2.3) Name and address of the contractor/concessionaire**

Lendlease Europe Holdings Limited

London

Country

United Kingdom

NUTS code

- UK - United Kingdom

The contractor/concessionaire is an SME

No

#### **V.2.4) Information on value of the contract/lot/concession (at the time of conclusion of the contract;excluding VAT)**

Total value of the procurement: £4,000,000,000

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## **Section VI. Complementary information**

### **VI.3) Additional information**

The estimated Gross Development Value range is 2 000 000 000 GBP (2 Billion) — 4 000 000 000 GBP (4 Billion) depending on the options that may be exercised (See 'Information about options') and other factors including and not limited to:

- i. location / number of plots;
- ii. market conditions;
- iii. planning requirements; and/or
- iv. funding for the Conventional Station redevelopment.

If none of the development options are exercised see VI.3 for further explanation.

### **VI.4) Procedures for review**

#### **VI.4.1) Review body**

The High Court of Justice of England

The Strand

London

WC2A 2LL

Country

United Kingdom

#### **VI.4.2) Body responsible for mediation procedures**

The High Court of Justice of England

The Strand

London

WC2A 2LL

Country

United Kingdom

### **VI.4.3) Review procedure**

Precise information on deadline(s) for review procedures

The Contracting Authorities incorporated a minimum of ten (10) calendar day's standstill period in accordance with Regulation 87 of Public Contracts Regulations 2015 prior to entering into the Contract.

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## **Section VII: Modifications to the contract/concession**

### **VII.1) Description of the procurement after the modifications**

#### **VII.1.1) Main CPV code**

- 70000000 - Real estate services

#### **VII.1.2) Additional CPV code(s)**

- 45000000 - Construction work
- 45200000 - Works for complete or part construction and civil engineering work
- 45210000 - Building construction work
- 45211000 - Construction work for multi-dwelling buildings and individual houses
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- 71400000 - Urban planning and landscape architectural services
- 71410000 - Urban planning services
- 71420000 - Landscape architectural services
- 71500000 - Construction-related services

### **VII.1.3) Place of performance**

NUTS code

- UK - United Kingdom

Main site or place of performance

Above and around Euston Station in London.

### **VII.1.4) Description of the procurement:**

The Secretary of State for Transport (SoS) is delivering a new terminus station for High Speed 2 at Euston Station. Network Rail (NR) are owners of the adjacent "Conventional

Station” and surrounding lands. SoS and NR have brought together their land holdings at Euston, creating an estate capable of accommodating significant commercial and residential development and have prepared a Masterplan to quantify the development potential of the Euston Estate. SoS and NR (together, the Contracting Authorities) have entered into a Collaboration Agreement to effectively pool their respective ownerships in the public interest and also to streamline decision making between the Contracting Authorities.

The Overarching Objectives of the Contracting Authorities are to: deliver a high quality mixed use development of the Euston Estate, create significant economic and social benefits for the local, regional and national economy and maximise financial returns from a development of the Euston Estate.

The Contracting Authorities have jointly procured an MDP to support the delivery of the Overarching Objectives.

The Contracting Authorities have entered into a Contract with the MDP (the Development Agreement and ancillary agreements) to govern the terms of the development of the Euston Estate. The terms of the Contract are designed to secure the delivery of the Overarching Objectives and other key deliverables, broadly covering the following stages:

Stage 1 — Masterplanning and Stations Interface,

Stage 2 — Outline Planning Application,

Stage 3 — Plot Progress,

Stage 4 — Estate Management.

The Contract together with an agreed form of Business Plan embodies the agreed deliverables and will together be the key documents for judging the performance of the MDP, and contains performance criteria against which the MDP will be measured across the life of the scheme.

It is envisaged that the Contract will extend for a period of 25 years unless terminated earlier in specified circumstances, and it may be extended by agreement between the parties (up to a total duration of 40 years).

#### **VII.1.5) Duration of the contract, framework agreement, dynamic purchasing system or concession**

Duration in months

### **VII.1.6) Information on value of the contract/lot/concession (excluding VAT)**

Total value of the contract/lot/concession:

£4,000,000,000

### **VII.1.7) Name and address of the contractor/concessionaire**

Lendlease Euston Development LLP

London

Country

United Kingdom

NUTS code

- UK - United Kingdom

The contractor/concessionaire is an SME

No

## **VII.2) Information about modifications**

### **VII.2.1) Description of the modifications**

Nature and extent of the modifications (with indication of possible earlier changes to the contract):

Nature and extent of the modifications (with indication of possible earlier changes to the contract):

The contract was awarded in March 2018 but in August 2019 an independent review of HS2 was instigated known as the Oakervee review, and the recommendations of the Oakervee review were published in February 2020. The delay and recommendations arising from the Oakervee review, and exacerbated delay due to Covid-19, brought about the need for the following modifications to the contract:

1. an increase in the potential total contribution from the Secretary of State for Transport to £33.4m;
2. an option to increase the potential total contribution from the Secretary of State for Transport to £45m where a Business Plan is approved in relation to more detail in the

Outline Planning Application for certain Phases.

3. changes to the timescale and conditions for delivering the initial design and consenting stage(s) of the contract;
4. the HS2 Enabling Works Condition Longstop Date being adjusted to 30 April 2025, and
5. the HS2 Enabling Works Contract Condition being adjusted to 30 April 2036.

The overall objectives of the contract, the total value of the contract (up to £4 Billion GBP) and the duration of the contract including the exercise of all options (up to 480 months) remains as published in the Contract Award Notice.

This notice also reflects that the contractor is Lendlease Euston Development LLP. The Contract was originally awarded to Lendlease Europe Holdings Limited, but was subsequently novated to Lendlease Euston Development LLP in compliance with Regulation 72(1)(d) of the Public Contracts Regulations 2015.

The modifications listed as 1. and 2. in section VII.2.1 above were permitted in accordance with Regulation (Reg) 72(1)(c) of the Public Contracts Regulations 2015, as the conditions set out in Section VII.2.2. are fulfilled.

The modifications listed as 3., 4. and 5. in are a further consequence of the events described above and were permitted in accordance with Regulation 72(1)(e) of the Public Contracts Regulations 2015 as they are not substantial within the meaning of Regulation 72(8). In addition, modification 3. was permitted in accordance with the existing terms of the contract.

#### **VII.2.2) Reasons for modification**

Need for modification brought about by circumstances which a diligent contracting authority/entity could not foresee.

Description of the circumstances which rendered the modification necessary and explanation of the unforeseen nature of these circumstances:

Modifications 1 and 2 in VII.2.1 are permitted under Reg 72(1)(c) as: i) The Oakervee Review was instigated well after contract award, but the scope of review and recommendations were directly relevant to HS2 / NR station design and option selection and significantly impacted the previously foreseeable programme and costs. The impact on programme and costs were further exacerbated by the unforeseeable event of the Covid-19 pandemic. ii) The overall nature of the contract remains unaltered e.g. economic operator, place of delivery, staging, services to be provided and no change to overall value or duration. iii) The increase in price does not exceed 50% of the value of the

original contract or framework agreement. Modifications 3, 4 and 5 in VII.2.1 were a further consequence of events described above and permitted in accordance with Reg 72(1)(e) as they are not substantial within the meaning of Reg 72(8). In addition, modification 3 in VII.2.1 was permitted within the existing terms.

### **VII.2.3) Increase in price**

Updated total contract value before the modifications (taking into account possible earlier contract modifications, price adaptations and average inflation)

Value excluding VAT: £4,000,000,000

Total contract value after the modifications

Value excluding VAT: £4,000,000,000