



## **ADVANCED PUBLICATION OF REPORTS**

This publication gives five clear working days' notice of the decisions listed below.

These decisions are due to be signed by individual Cabinet Members  
and operational key decision makers.

Once signed all decisions will be published on the Council's  
Publication of Decisions List.

- 1. COMMERCIAL ADVISOR CONTRACT EXTENSION - MERIDIAN WATER**  
(Pages 1 - 12)
- 2. OAKTHORPE PRIMARY SCHOOL - AWARD OF CONTRACT - HEATING  
PIPE WORK REPLACEMENT** (Pages 13 - 24)

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**MUNICIPAL YEAR 2020/2021 REPORT NO.****ACTION TO BE TAKEN UNDER DELEGATED AUTHORITY****OPERATIONAL DECISION OF:****REPORT OF:**

Programme Director  
Meridian Water-  
Peter George

Name: Oycan Sozcu Tel: 02081321680

E-mail: Oycan.sozcu@enfield.gov.uk

|  |                         |
|--|-------------------------|
| <b>Agenda – Part: 1</b>  | <b>Key Num: KD 5107</b> |
| <b>Subject: Commercial Advisor Contract Extension Meridian Water</b> |                         |
| <b>Wards: Upper Edmonton</b>   |                         |

**1. EXECUTIVE SUMMARY**

- 1.1 The report relates to the provision of specialist Commercial and Financial Advice, aiding the successful delivery of the Council's Meridian Water Regeneration Scheme.
- 1.2 Lambert Smith Hampton (LSH) were appointed on the 21<sup>st</sup> September 2018 to provide specialist Commercial and Financial Advisory services to the Meridian Water team on a three year call off contract.
- 1.3 As the Meridian Water scheme progresses, with the project moving at a greater pace than expected in the delivery of its residential pipeline; the instruction of work to LSH has been significantly increasing.
- 1.4 LSH have supported the delivery of Meridian One and Meridian Two. With the Phase 2 Planning Application now in place Meridian Three and Four can be brought forward. To enable continuation of their support and delivery of current workstreams it is advised that the contract value is increased retaining their services for the intended length of time.

See Part 2.

**2. RECOMMENDATIONS**

- 2.1 That the Programme Director of Meridian Water approves an increase in the order value of the existing LSH contract.

See Part 2.

### **3. BACKGROUND**

- 3.1 Meridian Water is Enfield's largest regeneration scheme on track to establish a neighbourhood delivering at least 10,000 homes, six thousand jobs, work space opportunities, shops, eateries and leisure facilities. The scheme has already delivered the new Meridian Water train Station, signed a Development Agreement for the first 900-1,000 homes (Meridian One) with development partner Vistry Partnerships and has also appointed Vistry partnerships for the delivery of approximately 275 affordable homes (Meridian Two).
- 3.2 Lambert Smith Hampton (LSH) are a UK Commercial and Residential Real Estate Consultancy. Since their three-year appointment beginning September 2018 LSH have, and are continuing to provide Commercial and Financial Advisory services to the Meridian Water team. As result of their expertise and essential advice; LSH had created and are maintaining the Meridian Water Financial Model setting the basis for many strategic decisions such as the conditions and timings for sites to be brought forward to maximise income and potential.
- 3.3 Duties performed by LSH under the existing contract include:
- Advising the Council on the ongoing strategy for delivering the Meridian Water scheme considering current and evolving market conditions
  - Providing in-depth market and industry knowledge to inform both anticipated development/land values, optimal procurement routes and optimal partners
  - Advising on financing strategies, investment partners and conducting soft market testing of potential development partners
  - Supporting the Council in identifying and understanding all commercial and financial risks and developing mitigation strategies
  - Providing in-depth market and industry knowledge to inform anticipated development/land values
  - Working with the Council's other advisors, including legal and cost consultancy, where appropriate in order to ensure advice and recommendations are fully informed
  - Supporting the Council in assessing developer proposals for each phase during the procurement evaluation process against both the financial metrics and the market
  - Advising the Council on commercial and financial matters during bidder discussions, negotiations and evaluations as appropriate on a phase by phase basis as required
  - Implementing the financial model for the project to ensure viability of each project phase and continue a baseline approved position and monitor delivery

- 3.4 LSH provided key commercial advice to the Council to facilitate the development of Meridian One, and Meridian Two. This included;
- Development appraisals and scenario testing to ascertain the potential land value, and inform the Council's development brief and market proposition
  - Advice relating to the procurement of development partners and the preparation of procurement documents with input from the Council, including the financial evaluation mechanism, scoring model, and qualitative criteria.
  - Advice on the merits and drawbacks of aspects of tender submissions, to assist officers in the evaluation
  - Validation of Vistry's revised land premium offer for Meridian One based on an optimised scheme with 50% affordable housing
  - Provision of s123 valuation reports to assist the Council in obtaining authorisation to dispose of land
  - Advice on complex overage clauses with National Grid and the negotiation leading to the buy-out of the overage on Meridian One by the Council; which released the site for development of an increased quantum and level of affordable housing.
  - Advice on the value of commercial assets to be owned by the Council
- 3.5 With the Meridian Water scheme progressing at a fast pace, the volume of instruction to LSH has been increasing in response. The remaining value of LSH's purchase order will not suffice to enable service provision until the end of their contract period of September 2021. LSH are currently in the process of providing key advisory on live projects, the level of knowledge they have on the scheme, the projects and involvement thus far promotes the need to retain their services until completion of these projects which fall within their contract duration.
- 3.5.1 LSH are currently supporting the delivery of Meridian 3; a land disposal for the development of an approximate 625-unit Co-Living and/or Student Accommodation scheme within Phase 2. With a planned launch in September LSH are currently supporting the compilation of information to include in the website they are creating to advertise and manage the bidding process and are progressing soft market research to assess market readiness and identify key trends and considerations. LSH are advising on the approach to delivering the Affordable Housing requirement and setting out the terms and legal structure for the disposal. Once launched in September LSH will advise through the sifting stage launching in October and conduct further market testing to enable the launch of a 5-month tender period through which they will also assess validity and viability of proposals. Assuming Cabinet approval of the preferred bid in May 21, LSH will go on to support lease negotiations anticipating signing in July 21
- 3.5.2 LSH are also supporting the delivery of Meridian 4; a Build to Rent scheme within Phase 2. Currently planned for 550 units LSH are

advising on the option of expanding this to 1,500 units to support the acceleration of delivering homes. LSH are currently conducting options appraisals to identify the beset route to market and putting together a detailed delivery plan to be taken to July Cabinet. LSH will launch marketing activity early 21 with the aim of securing an investor for the scheme by May 21 to be in contract by September 21. LSH will also support the procurement process of a Design Team and the creation of a framework of potential developers.

- 3.6 LSH funds will have exhausted by the end of June 2020. Should a replacement procurement be initiated, given the contract value would be over the OJEU threshold; the process if led through a framework would take a minimum of eight months. A replacement would therefore be in place late January 2021. Not having Commercial and Financial Advisors consulting for this duration will have negative implications on Meridian Three and Four as the schemes would not continue in the absence of these expertise delaying the delivery of both for 6-8 months. Maintaining LSH services for their expected contract duration will prevent these delays and a replacement procurement will be conducted in a timely manner to ensure a smooth transition at contract end in September 2021.
- 3.7 In acknowledgement of the growing complexity of the project, increasing workload and resource provision through LSH, the Meridian Water team are in the process of procuring an additional Commercial and Financial Advisor. The additional resources will provide support on upcoming workstreams and strategies which LSH will not have the capacity to support. The intention is also to welcome additional expertise in areas such as non-residential and retail to ensure the successful delivery of the scheme. Having completed the sifting stage the procurement is now at tender stage with an anticipated contract start in early September.

See Part 2.

#### **4. ALTERNATIVE OPTIONS CONSIDERED**

- 4.1 Not extending the contract (do nothing). This would result in the remaining value of the contract running down prior to the contract end date and the Council being unable to obtain the expert services it requires for the duration of the contract. This is not a viable option as the support of a Commercial Advisor will ensure the Meridian Water development is of a high quality and will benefit Enfield residents.
- 4.2 Initiating a new procurement for Commercial and Financial Advisory services. LSH are currently delivering their contract responsibilities as agreed and are advising on several key ongoing development projects. Going out to the market again would involve a lengthy procurement procedure and as a result the Meridian Team would face a lapse in essential expert Commercial and Financial Advice required for the successful delivery of several key development milestones. Acknowledging the increasing volume of work, a new procurement is

underway to appoint an additional Commercial Advisor for the Meridian Water Scheme.

- 4.3 Use in house support. This has been discounted as a viable option as there is not the specialism and resource to deliver internally.

## **5. REASONS FOR RECOMMENDATIONS**

- 5.1 Extending the LSH contract will enable the Council to secure essential ongoing Commercial and Financial Advice, facilitating the successful delivery of development milestones for the Meridian Water scheme.
- 5.2 Extending the LSH contract would also significantly reduce the Council's expenditure and time spent going out to the market for a replacement Commercial and Financial Advisor for the short term remaining on the LSH contract.
- 5.3 Extending the LSH contract will also prevent the minimum of six month delay to Meridian Three and Four schemes due to the absence of Commercial And Financial expertise and enable the continual delivery of the Meridian Water residential pipeline.

## **6. COMMENTS FROM OTHER DEPARTMENTS**

### **6.1 Financial Implications**

See Part 2.

### **6.2 Legal Implications**

MD (06/04/20)

- 6.2.1 The Council has a general power of competence in section 1(1) of the Localism Act 2011. This states that a local authority has the power to do anything that individuals generally may do provided it is not prohibited by legislation and subject to Public Law Principles. There is no express prohibition, restriction or limitation contained in statute against the use of the general power in this way and therefore the proposals in this report are consistent with this power.
- 6.2.2 The original procurement of the LSH contract was undertaken using the Crown Commercial Services Estates Professional Services framework (RM3816 Lot 1) in compliance with the Council's Contract Procedure Rules (**CPRs**) and the Public Contracts Regulations (**PCRs**).
- 6.2.3 It is now proposed that the contract is varied by increasing the order value by 50%. The proposed variation must be carried out in compliance with the CPRs and the PCRs. Given that the variation exceeds the current EU threshold for services, in order to comply with the CPRs, the variation must be reported to the Council's Procurement and Commissioning Review Board. See 6.3.2 below.

6.2.4 Regulation 72(1)(a) of the PCR's permits variations to contracts where the modifications, irrespective of monetary value have been provided for in the initial procurement documents. The contract with LSH permits changes to the contract provided they are not material in the context of the PCR's. It is considered that the proposed variation of contract complies with the PCR's. To effect the variation, a Variation Form will need to be completed (Schedule 12) of the CCS contract.

6.2.5 The Council must ensure value for money in accordance with the Best Value principles under the Local Government Act 1999.

6.2.6 As this is a Key Decision the Council must comply with the Key Decision procedure.

### 6.3 Procurement Implications

6.3.1 The original procurement of the LSH contract was undertaken by a mini-competition from the Crown Commercial Services Estates Professional Services framework (RM3816 Lot 1).

6.3.2 The recommendation in this report is to increase the order value of the contract by 50%. The proposed variation must be carried out in compliance with the CPR's and the PCR's. CPR 7.1.1 states that '*All contract variations or extensions exceeding the EU Threshold for supplies/services and over £1,000,000 for Works must be reported to the Procurement and Commissioning Review Board*', however, as this is a call-off from an OJEU compliant framework, and in all other respects complies with PCR's and CPR's, there is no reason for the Procurement Board to review the variation as long as value for money has been demonstrated and the variation is implemented in accordance with the terms of the Contract.

6.3.3 Details of any variation must be recorded on the London Tenders Portal.

### 6.4 Property Implications

N/A.

## 7. KEY RISKS

7.1 **Risk:** LSH has resourcing or capacity issues impacting its ability to provide expert advice to the Meridian Water team required to deliver the scheme.

**Mitigation:** LSH are appointing additional staff to work on the Meridian Water scheme.

7.2 **Risk:** Delays due to loss of knowledge.

**Mitigation:** Extending the LSH contract will retain the collated knowledge and expertise currently dedicated to live projects. A change of provider before completion will cause delays and risk quality of scheme.

**8. IMPACT ON COUNCIL PRIORITIES – CREATING A LIFETIME OF OPPORTUNITIES IN ENFIELD**

**8.1 Good homes in well-connected neighbourhoods**

The provision of expert Commercial and Financial Advice will have a positive impact on this objective with the successful delivery of development phases and creation of a significant number of homes.

**8.2 Sustain strong and healthy communities**

The provision of expert Commercial and Financial Advice will have a positive impact on this objective by way of ensuring successful development delivery that helps deliver new quality neighbourhood that contributes to improved health outcomes for the local community.

**8.3 Build our local economy to create a thriving place**

Expert Commercial and Financial Advice will support the successful implementation the regeneration scheme, which will have a highly positive impact on this objective by facilitating the growth of skilled creative industries and boosting employment opportunities at Meridian Water and the borough.

**9 EQUALITIES IMPACT IMPLICATIONS**

Corporate advice has been sought in regard to equalities and an agreement has been reached that an equality impact assessment is neither relevant nor proportionate for the approval of this report.

**10 PERFORMANCE AND DATA IMPLICATIONS**

This report has been seen by the Data and Management Team who confirmed they have no issues with the contents of this report.

**11 PUBLIC HEALTH IMPLICATIONS**

Additional income will enable LBE to better protect services used and needed by residents.

**Background Papers**

N/A

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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

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**MUNICIPAL YEAR 2020/2021 REPORT NO.**

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|---|--|--------------|
| <b>MEETING TITLE AND DATE:</b>  | <b>Agenda – Part: 1</b>  | <b>Item:</b> |
| <b>REPORT OF:</b><br>Executive Director- People   | <b>Subject:</b> Oakthorpe Primary School – Award of Contract – Heating Pipe Work Replacement |              |
| <b>Contact officer and telephone number:</b><br>Name: Amanda Doherty<br>Telephone Number: 020 8379 4515<br>E mail: <a href="mailto:Amanda.doherty@enfield.gov.uk">Amanda.doherty@enfield.gov.uk</a> | <b>Key Decision No:</b> KD 5127<br><br><b>Wards:</b> Upper Edmonton Ward.                    |              |

**1. EXECUTIVE SUMMARY**

- 1.1 This report seeks approval for award of contract to "Contractor A" for construction works, and scheme expenditure as detailed in this report for heating pipe work replacement and associated works for Oakthorpe Primary School. ("School")
- 1.2 The construction works have been procured following a competitive quotation process via the London Tenders Portal in accordance with the Council's Contract Procedure Rules ("CPRs").
- 1.3 To note an Operational Decision dated 11<sup>th</sup> May 2020 approved enabling works to the domestic hot water system and building fabric in the sum of £141,600.00 these works needed to be carried out prior to the start of the main contract.

**2. RECOMMENDATIONS**

That the Executive Director - People:

- 2.1 Approves the contract award to "Contractor A" for heating pipe work replacement and associated works to Oakthorpe Primary School as further detailed in Part 2 of this report.
- 2.2 Notes and approves total scheme expenditure of £416,149.23 which includes heating pipe work replacement works, professional and technical costs (as detailed in Part 2 of this report).
- 2.3.1 To note an Operational Decision dated 11<sup>th</sup> May 2020 approved enabling works to the domestic hot water system and building fabric in the sum of £141,600.00 these works needed to be carried out prior to the start of the main contract.

### 3. BACKGROUND

3.1 The Updated School Condition Fire Safety Programme 2020/21 to 2021/22 KD 4303 approved the Executive Director People to agree to continue:

3.2 A proposed programme for 2020/21 and 2021/22 has been formulated to address the most urgent condition items. Projects have been prioritised for inclusion in the Programme based mainly on technical information in condition surveys commissioned by Construction Maintenance Construction Team through external consultants. Projects have been ranked as far as possible according to the extent of urgency using the Department for Education definitions:

Priority 1 Urgent work that will prevent immediate closure of premises and/or address an immediate high risk to the health and safety of occupants and/or remedy a serious breach of legislation.

Priority 2 Essential work required within 2 years that will prevent serious deterioration of the fabric or services and/or address a medium risk to the health and safety of occupants and/or remedy a less serious breach of legislation.

Priority 3 Desirable work required within 3 to 5 years that will prevent deterioration of the fabric or services and/or address a low risk to the health and safety of occupants and/or remedy a minor breach of legislation.

Priority 4 Long term work required outside the first five-year planning period that will prevent deterioration of the fabric or services.

3.3 In line with previously agreed procedures, it is proposed that the Executive Director of People should continue to be authorised to approve tenders for individual schemes or schemes of aggregated value up to a maximum of £500,000 including professional and technical expenses. Any schemes exceeding £500,000 will be the subject of a portfolio decision and lodged as a Key Decision within the Council's Democratic process.

3.4 A scope of required works was produced by the council's Corporate Maintenance and Facilities Management Team (CMFM) which included:

- Heating pipe work and radiator replacement works.

3.5 CMFM compiled the Tender list using the Construction Line accreditation service to verify essential credentials including Financial Standing and Health & Safety compliance

3.6 CMFM issued the tender documents on the 9<sup>th</sup> April 2020 and the tenders received were downloaded from the London Tenders Portal on 29<sup>th</sup> April 2020.

3.5 The Tendering Procedure is in accordance with the JCT Practice Note 6 (series 2) 'Main Contract Tendering' Alternative 2. The tender was based on the JCT Intermediate Building Contract with Contractor's Design 2016 Edition. The tender documentation included:

Preliminaries, Specification and Drawings, and Pricing Document. The Tender was invited on a lump sum firm price basis. The tender documents stated a contract period of 15 weeks.

3.6 Seven contractors were invited to submit a return, one tenderer did not respond. The tenders were evaluated in accordance with the council's corporate tendering procedure to arrive at the recommendation for contract award to Contractor 'A' as detailed in Part 2 of this report.

3.7 Provisional programme:

- The construction work will begin on 19<sup>th</sup> July 2020 with completion on 30<sup>th</sup> October 2020.

3.8 An Operational Decision dated 11<sup>th</sup> May 2020 approved enabling works to the domestic hot water system and building fabric in the sum of £141,600.00 these works needed to be carried out prior to the start of the main contract.

#### **4. ALTERNATIVE OPTIONS CONSIDERED**

4.1 To do nothing this could result in a school closure leading to a loss of statutory school days for Enfield pupils, this in turn could result in court action and damage to the council's reputation

4.2 There are no other options that will address the safeguarding, security and safety concerns.

#### **5. REASONS FOR RECOMMENDATIONS**

5.1 CMFM and Stace The Borough's Quantity Surveyors have advised that the tender from Contractor "A" is compliant and is the most economically advantageous tender.

5.2 Works will ensure that "the school" is functional from a heating and hot water perspective and minimises risk to school closure in colder months.

## 6. COMMENTS FROM OTHER DEPARTMENTS

### 6.1 Financial Implications

6.1.1 On the 12th Feb 2020, Cabinet recommended that Council approve the 10-year Capital programme, which included £28m for the School Condition and Fire Safety Programme funded from central government grant. This report is seeking approval to allocate £557,749 for heating pipe work replacement and associated works for Oakthorpe Primary School.

6.1.2 The annual maintenance costs from this project would be contained within existing revenue budgets funded from the central government schools grant.

6.1.3 Tables below summarises a breakdown of the spend:

|  | 2020/21<br>£'000  | 2021/22<br>£'000 | TOTAL<br>£'000    |
|--|-------------------|------------------|-------------------|
| Overall P&T Costs  | 63,480.39         |                  | 63,480.39         |
| Main Contract Works  | 352,668.84        |                  | 352,668.84        |
| Enabling Works (approved under an Operational Decision 11/05/20) | 141,600.00        |                  | 141,600.00        |
| <b>Total expenditure</b>   | <b>557,749.23</b> |                  | <b>557,749.23</b> |

### 6.2 Legal Implications

6.2.1 The Council has a general responsibility for education which includes securing efficient primary education to meet the needs of the population in its area under Section 13 of the Education Act 1996 (as amended by the Learning and Skills Act 2000).

6.2.2 Section 111 of the Local Government Act 1972 further enables local authorities to do anything, including incurring expenditure, borrowing, which facilitate or are conducive or incidental to the discharge of their functions. Furthermore, the Council has the power under section 1 (1) of the Localism Act 2011 to do anything that individuals generally may do provided it is not prohibited by legislation and subject to Public Law principles. The recommendations within this report are in accordance with these powers.

6.2.3 The contract value is below the EU threshold hence the Public Contracts Regulations 2015 do not apply. The contract has therefore been procured in accordance with the Council's Contract Procedure Rules (CPR 3.5), and six tenderers were asked to submit quotations.

- 6.2.4 As the value of the contract is over £250,000, the award constitutes a Key Decision under the Council's Constitution and as such, must comply with the governance processes set out for Key Decisions.
- 6.2.5 The Council should have considered (before procurement commencement) whether additional security should be sought from the successful provider (in accordance with CPR 1.18). For contract values between £250,000 - £1,000,000 sufficient security should be considered to manage risk. Evidence of the form of security required OR the reason why no security was required in this instance, must be stored and retained on the E-Tendering portal for audit trail purposes.
- 6.2.6 All legal agreements (including all associated documentation) arising from the matters described in this Report must be approved in advance of contract commencement, by Legal Services. The Council shall ensure that it's Quantity Surveyors (Stace) collaborate and work closely with Legal Services to ensure that any required changes to the standard form of JCT Intermediate Building Contract with Contractor's Design 2016 are made (in light of Covid-19 and generally) in order to fully protect the Council's interests.
- 6.2.7 Contracts whose value exceeds £250,000 are required to be executed under seal and the Council shall ensure it seeks assistance from Legal Services to ensure the contract is executed correctly.

Legal Implications provided by Lynn Shepherd on 12/05/2020 based on a Report circulated on 11/05/2020

### **6.3 Property Implications**

- 6.3.1 The implementation of the Condition Programme will extend the life of school buildings and provide a safe and suitable learning environment for pupils.
- 6.3.2 All new or revised asset data arising out of the proposed works must be sent by the Project Manager to Strategic Property Services for input onto the Asset Management Data System, ATRIUM, including revised site plans, floor plans, asset information and maintenance regimes.

### **6.4 Procurement Implications**

- 6.4.1 The procurement was undertaken in accordance with the Councils contract Procedure Rules (CPR's) and the Public Contracts Regulations (2015).
- 6.4.2 The procurement was undertaken using the London Tenders Portal (ref DN412996).

6.4.3 The award of the contract, including evidence of authority to award, promoting to the Councils Contract Register, and the uploading of executed contracts must be undertaken on the London Tenders Portal including future management of the contract.

6.4.4 All awarded projects must be promoted to Contracts Finder to comply with the Government's transparency requirements.

## **7 KEY RISKS**

7.1 The key risks to this contract is related to the possible poor performance of the consultant/contractors. This risk is mitigated by robust performance/contract management.

## **8 IMPACT ON COUNCIL PRIORITIES – CREATING A LIFETIME OF OPPORTUNITIES IN ENFIELD**

### **8.1 Good homes in well-connected neighbourhoods**

This programme will assist the Council to deliver its construction related projects and programmes which in turn help support the delivery of education services to the benefit of the community.

### **8.2 Sustain strong and healthy communities**

This term contract will assist in the procurement of construction related activity within the borough and its associated employment and economic benefits. The Borough needs to ensure appropriate infrastructure is in place to allow for the growth of the population.

### **8.3 Build our local economy to create a thriving place**

The provision of good quality schools and buildings helps to ensure a stable strong community.

## **9 EQUALITIES IMPACT IMPLICATIONS**

9.1 The provision of local schools across the borough ensures quality of rights to good education provision.

## **10 PERFORMANCE AND DATA IMPLICATIONS**

10.1 The contract requires the consultant to meet the professional standards of the Royal Institute of British Architects and the Framework Contract. The performance of the consultant will be monitored by Corporate Maintenance and Construction Team.

**11 HEALTH AND SAFETY IMPLICATIONS**

- 11.1 The works concerned will be undertaken in full accordance with Health and Safety and CDM Regulations.

**12 PUBLIC HEALTH IMPLICATIONS**

- 12.1 The provision of good quality schools helps to ensure a stable, strong community.

**Background Papers**

None

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