

MUNICIPAL YEAR 2016/2017 REPORT NO.

**ACTION TO BE TAKEN UNDER
DELEGATED AUTHORITY**

PORTFOLIO DECISION OF:

Cllr Ahmet Oyken
Cabinet Member for Housing & Housing
Regeneration

REPORT OF:

Ian Davis
Director – Regeneration &
Environment

Agenda – Part:	KD Num: 4180
Subject: Boroughwide Solar PV Roofing Scheme	
Wards: All	

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1. EXECUTIVE SUMMARY

- 1.1 This report seeks the approval of the Cabinet Member for Housing & Housing Regeneration for the Council to enter into an 'Umbrella Agreement' with Agility ECO Ltd., to install Solar PV panels on the roofs of up to 73 Housing blocks.
- 1.2 This report seeks the approval of the Cabinet Member for Housing & Housing Regeneration, for the Council to enter into a Lease or Licence Agreement with GeoCapita, together with a subsequent 'Power Purchasing Agreement' for the electricity generated by the Solar PV panels.
- 1.3 This report also seeks the approval of the Cabinet Member for Housing & Housing Regeneration, for the Council to enter into a suitable Legal Agreement with GeoCapita (or successor CIC if applicable) to administer a Community Benefit Fund on behalf of the Council.
- 1.4 That the Cabinet Member for Housing & Housing Regeneration, authorises the Director of Finance and Resources to finalise the funding options for this scheme, within the approved budget levels.
- 1.5 This is a Key Decision of the Council and is on the Key Decision list Reference KD 4180.

2. RECOMMENDATIONS

- 2.1. That the Cabinet Member for Housing & Housing Regeneration approves the Council entering into an 'Umbrella Agreement' for a proposed programme of Solar PV panel installations by GeoCapita / Agility ECO Ltd. This legal agreement to be in a form agreed by the Council's Assistant Director of Legal Services.
- 2.2. That the Cabinet Member for Housing & Housing Regeneration, authorises the Director of Finance and Resources to finalise the funding options for this scheme, within the approved budget levels.
- 2.3. That the Cabinet Member for Housing & Housing Regeneration approves the Council entering into a Lease or Licence Agreement with GeoCapita, together with a subsequent 'Power Purchasing Agreement' for the electricity generated by the Solar PV panels. These legal agreements to be in a form agreed by the Council's Assistant Director of Legal Services.
- 2.4. It is also recommended that the Cabinet Member for Housing & Housing Regeneration approves the Council entering into a suitable Legal Agreement with GeoCapita (or successor CIC if applicable) to administer a Community Benefit Fund on behalf of the Council. This legal agreement to be in a form agreed by the Council's Assistant Director of Legal Services.

3. BACKGROUND

- 3.1. The Feed in Tariff (FiT) is a Government scheme that encourages the uptake of renewable energy sources by providing a payment for every kWh of electricity produced. Once a solar PV system is registered, the rates are secured and index linked for a period of 20 years and they provide a revenue stream to the owner.
- 3.2. At the end of August 2015, the Government gave notice that the FiT was to be substantially reduced with effect from 1st January 2016. The FiT payment at that time was 11.30p/kWh for a "small commercial" sized installation of between 10-50kWp (the typical size of installation that a local authority might install on a residential block). The tariff has since (with effect from January 2016) reduced to 4.59p/kWh.
- 3.3. Early in September 2015, the government also gave notice that a scheme that allowed community groups to pre-register properties (and secure a higher FiT rate for 12 months) would close on the 30th September 2015. Both RE:NEW and AgilityEco identified this as a potential 'window of opportunity' for local authorities to access the higher FiT rates and thereby improve the viability of installing solar panels in the short term by securing the installation of the panels by 30th September 2016.
- 3.4. However, the pre-registration process was available only to community organisations so for Enfield to benefit, the registration and installation work needed to be undertaken in partnership with a community/charity organisation

operating via a Community Benefit Society (CBS) model. AgilityEco Ltd. presented a proposal to the council through which we could work in partnership with GeoCapita, (a pre-registered Community Benefit Society authorised by the Financial Conduct Authority - FCA), who could survey and pre-register 73 Enfield council owned residential blocks.

- 3.5. Given the limited timeframe of only 2 weeks that was available to survey and pre-register the properties, the proposal by AgilityEco was the only viable option to take advantage of the pre-registration opportunity. Pre-registration allowed for the CBS to be assessed as an option, but did not require a formal commitment by the Council to subsequently undertake any installations.
- 3.6. In addition to Enfield Council, three other London based social landlords have also indicated an interest in the CBS pre-registration process and have been working with AgilityEco and Geocapita to develop this scheme. The other parties are 2 Local Authorities (the London Borough of Camden and the Royal Borough of Greenwich) and a Registered Social Landlord (Poplar HARCA).
- 3.7. The scheme has a target installation of 5.8MW of solar panels across 200 sites across the 3 Local Authorities and Poplar HARCA, subject to completion of the final site surveys. The output of the Enfield element of the installations is potentially up to 1.865 MW of generation subject to installation performance and surveys.
- 3.8. AgilityEco are working in conjunction with GeoCapita, who operate an appropriate Community Benefit Society (CBS). The CBS will procure and manage the installation of the solar panels on the Council's pre-registered residential blocks and Enfield will lease (or Licence) the roof space of the relevant blocks to GeoCapita, in return for income from the community benefit fund over the next 20 years.
- 3.9. The details of how the solar panels are to be installed, maintained, managed and monitored are to be formalised in the Umbrella Agreement, Power Purchase Agreement and Lease / Licence Agreements.
- 3.10. The income derived by the CBS from the electricity generation and Feed in Tariff payments, will be passed on to the Council to distribute, after factoring in the scheme running costs. However, for the scheme to be eligible under Ofgem rules (for the pre-registration and securing of higher FiT rates), the scheme must generate benefits for the community. Profits from the electricity generation will therefore be ring-fenced for 'Community Benefit Programmes' with the CBS required to identify from the outset what the money is to be spent on. The objectives of the 'Community Benefit Fund' (CBF) are to be finalised in the legal documentation, with Enfield proposing that the income is spent on tackling fuel poverty and developing (or managing) energy efficiency projects / measures.

- 3.11. Electricity generated by the solar panels on these blocks will be used to power the Landlords supply only (not individual residents' electricity consumption) and it will not be free to Enfield in the CBS model. A Power Purchase Agreement (PPA) will be entered into where the power is purchased at a rate set above ~5p/kWh. The first 5p/kWh of the PPA is used to cover the costs of financing, installation and maintenance, with anything above that figure used to fund the CBF.
- 3.12. It is recommended that Enfield sign the PPA with a p/kWh price comparable with the amounts that we currently pay now (circa 9.0p/kWh). This will ensure that those residents, who live in a suitable block where Solar PV is installed, are not favoured more than those who do not, with the fund to be allocated towards borough wide CBF initiatives that therefore benefit all residents.

4. ALTERNATIVE OPTIONS CONSIDERED

- 4.1. The possibility of developing this scheme using external funding has also been considered, however this option has not been pursued as the financial returns from the model did not represent good value for money, when compared to other funding routes available to Enfield Council.

5. REASONS FOR RECOMMENDATIONS

- 5.1. This scheme presents a 'time limited' opportunity for the Council to install Solar PV panels on a number of residential blocks in its ownership. The higher 'Feed in Tariff' rates are no longer available outside the CBS pre-registration process as they decreased in January 2016.
- 5.2. The installation of the panels will allow the Council to 'generate' electricity to meet some of its own supply demands for electricity to communal areas in its housing stock. This generation capacity could also be 'sold off' as an asset at some point in the future if so required.
- 5.3. The income raised by this project will not only provide a return on the initial capital investment (through interest payments) but it will also generate a Community Benefit Fund income over 20 years, which can be targeted to schemes dealing with fuel poverty and various sustainability initiatives.

6. COMMENTS OF THE DIRECTOR OF FINANCE AND CORPORATE RESOURCES AND OTHER DEPARTMENTS

6.1. Financial Implications

- 6.1.1. The funding for the scheme can be contained within the HRA Capital Programme 2016/17, with the future income generated being reinvested into schemes to alleviate fuel poverty and improve energy efficiency.
- 6.1.2. The fund and repayment terms have been structured to allow for money to be available to the Community Benefit Fund in year one (2016/17). However in

some years of the project the requirement to finance debt repayments from the income first, does result in a variable benefits profile (due to one-off maintenance and cyclical replacement costs), which therefore impacts on the annual fund payments. It is anticipated that, the installation cost will be in the region of £1,150/Kw of electricity generation capacity and the Community Benefit Fund (CBF) would receive a total of £1,083/Kw over 20 years.

- 6.1.3. The capital funding provided by the Council for this project will be, in effect, treated as a loan to GeoCapita for the purposes of installing the Solar PV Panels on the Council's roofs and it has been modelled at a market defined interest rate. This interest rate is comparable to the figure being provided by an external funder (Triodos Bank) to both Greenwich and Camden (as both those Councils have chosen to only providing funding for the 'junior debt' element which equates to 28% of their respective installation costs).
- 6.1.4. The Council also has direct access to an external loan facility previously set up via London Energy Efficiency Fund (LEEF) funding, which could be utilised and then lent on at a commercial interest rate. This would reduce the Council's potential income generated from interest charges, however it would also 'release' part of the HRA capital set aside for this project, which could then be used on other schemes.
- 6.1.5. We have also considered the option for Enfield to just provide the 'junior debt' element of the funding, however this has an adverse effect on the amount and profile of the Community Benefit Fund (CBF) payments as the Bank (as the 'Senior debt' provider) requires a substantial debt reserve to be built up in the early years of the project. The Bank would also effectively require the loan to be repaid in full over 17 years which substantially reduces the CBF during this period with the largest share of the income not coming back to the Council until years 17 - 20 of the project.
- 6.1.6. By taking on the full capital funding element Enfield would have the opportunity to benefit from not only the CBF income, but also from an income stream from the interest payments received.
- 6.1.7. The debt repayment profile (of the capital) and the interest rate set, could be varied if required to provide alternative income profiles to the Council, however it should be noted that the CBF income would also vary (up or down) depending on the nature of the finance re-profiling over the 20 years.
- 6.1.8. The Council would also have the option to 'refinance' this project at a point in the future if it so desired. Schemes of this nature generally assume 'pessimistic' outputs for funding purposes, however once schemes have been running for 'two plus' years, this gives a more precise electricity generation figure which can then be used to allow the financial models to be recalculated with generally better returns available on the investment.
- 6.1.9. In addition, if a 'Senior Debt' provider is utilised, the finance model shows that the majority of CBF income would be received in years 17 – 20 (and also in year 21 in reality as the FIT is paid in arrears), which would be valued less in real terms than if this income was received in the near future.

6.1.10. The Finance Model has predicted a level of income from the Feed in Tariff (FiT), however as mentioned in 6.1.8 this is index linked and based on every kWh of electricity produced. In all likelihood the level of income should actually be higher than we have modelled for when the actual electricity generation is known.

6.2. Legal Implications

6.2.1. The Council has taken the opportunity to seek external legal support for this scheme due to the specialist nature of the funding and delivery mechanisms that this project requires. Pinsent Masons, solicitors, were therefore appointed after a joint procurement exercise carried out in partnership with the Royal Borough of Greenwich, (who have also appointed Pinsent Masons for their work) and the London Borough of Camden.

6.2.2. The Council has a general housing power to alter, repair or improve its housing accommodation as set out at section 9 of the Housing Act 1985.

6.2.3. The Council has a preference to use licences instead of leases in relation to the installation of the PV panels. There remains a risk however that the licence could be challenged by the licensee claiming it is really a lease protected by the normal statutory provisions (such as those which would offer the licensee additional security of tenure). Whilst there are provisions in the draft licence attempting to protect the Council's position relating to security of tenure, it could be claimed that this undermines the licence being granted and could bring into question whether the licence is in fact a lease. The risk from this item is however mitigated by the fact that the Council is proposing to finance this scheme itself, so any future transition to a lease at a subsequent date would have no adverse impact on position.

6.2.4. The State aid position in respect of the Council loan has been considered. The loan should be made on commercial terms to ensure that a selective advantage is not conferred on Geo-Capita. In order to establish whether the Council's investment can be said to have been made on commercial terms, it is necessary to apply the Market Economy Investor Principle ("MEIP) Test: *Would a private investor in comparable circumstances have provided such sums or support to the recipient if it were operating under normal market economy conditions?* The Council is satisfied on this occasion that a private investor would invest on the same terms as it is proposing to provide to Geo-Capita (as demonstrated by the external funding offer from Triodos Bank).

6.2.5. All legal agreements will be in a form approved by the Assistant Director of Legal Services.

6.3. Leaseholder Implication

6.3.1. All the works to be undertaken on this project are either on the roof or in the Landlords communal areas, so Leaseholders will not be re-charged for these works.

6.4. Procurement Implications

6.4.1. The scheme is being procured via a private sector partner (GeoCapita) and our legal advice is that public sector procurement rules therefore do not directly apply to this project.

6.4.2. It should be noted however that GeoCapita have carried out a robust tendering and procurement exercise using contract terms and conditions normally required by public sector /Local Authority clients and their preferred installer for the project (Campbell and Kennedy) is a contractor with many years experience in this field. The contractor is also on a number of Local Authority frameworks for both Solar PV and electrical installation works.

7. KEY RISKS

7.1 The key risk is that if Enfield chooses to remove a solar panel system from the scheme once installed, Enfield is liable to pay for the cost of servicing the loan for that individual solar panel installation, plus an administration fee. This cost will vary depending on the size of the Solar PV installation removed, however as the Council will also be the provider of the scheme finance, then this represents a minimal risk to the funding profile.

8. IMPACT ON COUNCIL PROPERTIES

8.1 **Fairness for all, Growth and Sustainability and Strong Communities:** This housing Solar PV project will generate savings in the cost of the Council's electricity bills, whilst also producing other funding streams for the Council to re-invest in Council services.

8.2 The Community Benefit Fund (CBF) of circa £1.8m will produce a substantial income for the Council over the next 20 years which can be re-invested in schemes to support sustainability and tackle fuel poverty, both of which can have a positive impact on the community.

9. EQUALITIES IMPACT IMPLICATIONS

9.1 Equality impact assessments will be carried out as part of the delivery package as the scheme is developed, using the capital resources made available by the Council.

10. PERFORMANCE MANAGEMENT IMPLICATIONS

10.1 The Solar PV installations delivered via this project is expected to have a positive impact on resident satisfaction performance indicators through the improved quality of the housing and the improved level of service.

11. HEALTH AND SAFETY IMPLICATIONS

11.1 All construction work falls under the Construction (Design & Management) Regulations 2015. A programme of the size and nature of the Solar PV project will qualify for notification to the Health and Safety Executive. Health and safety considerations for these types of projects include welfare facilities

until the end of the project, various audits, inspections and reviews by both in-house and third party professionals. The passage of accurate and specific information is also critical and this will include asbestos survey reports in the form of an asbestos register leading to specific installation surveys and fire risk assessments where identified.

12. PUBLIC HEALTH IMPLICATIONS

- 12.1 This project will help the Council to continue to deliver a cost effective electricity supply to a significant portion of the Councils Housing stock. The works delivered and funds generated will have significant benefits in terms of improving quality of life, energy efficiency and tackling fuel poverty – all factors which research has shown can have significant public health benefits.
- 12.2 Climate change has been described as the greatest threat to the health of the public in the 21st century; these measures will partially help to mitigate this threat.

Background Papers

None

MUNICIPAL YEAR 2016/2017 REPORT NO.

ACTION TO BE TAKEN UNDER DELEGATED AUTHORITY

PORTFOLIO DECISION OF:
Cabinet Member for Economic Regeneration & Business Development

REPORT OF:
Director – Regeneration & Environment
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Agenda – Part: 1

KD Num: 4109

Subject: Direct Appointment Award – Provision of Environmental Advice and Investigation for the delivery of Meridian Water

Cabinet Member consulted:
Councillor Alan Sitkin

Wards: Upper Edmonton

1. EXECUTIVE SUMMARY

- 1.1. This report seeks approval to appoint AMEC Foster Wheeler Environment & Infrastructure UK Limited (“AMEC”) via a direct call-off from the Crown Commercial Service Framework for Environmental and Sustainability Advice, Support and Delivery Services (Ref:RM830 – Lot 16 Built Environment) (the “Framework”) to support the delivery of the Meridian Water Masterplan.
- 1.2. This report seeks approval to ratify previous Council decisions to ensure that the Meridian Water Programme remains on track for accelerated delivery.
- 1.3. A Part 2 report sets out the direct appointment process and the fees associated with the services that AMEC will provide.

2. RECOMMENDATIONS

That the Cabinet Member for Economic Regeneration and Business Development:

- 2.1. Approves the appointment of AMEC Foster Wheeler Environment & Infrastructure UK Ltd and authorises the appointment and associated fees identified within the Framework.
- 2.2. Delegates the finalisation of the call-off contract (and all ancillary documentation) to the Director - Regeneration & Environment.
- 2.3. See part 2 report for further information.
- 2.4. Notes and agrees that the requirement under paragraph 21 of the Council's Contract Procedure Rules to obtain a performance bond will not be exercised as this is from a Framework which does not allow performance bonds under the terms of the Framework and to obtain one would alter the terms and conditions of the Framework therefore nullifying the Framework.

- 3.1. The London Borough of Enfield ("LBE") is an outer North London borough, the sixth largest in London, comprising a mixture of urban and suburban neighbourhoods with distinct character areas, contrasting land uses and socio-economic conditions, and with varying levels of transport accessibility.
- 3.2. The LBE's current population stands at 320,607 and is forecast to grow to 334,700 by 2021. A revised target of 798 new homes per year in the period 2015 to 2025 has been agreed with the Greater London Authority. These homes will be accommodated on a range of sites across the borough but the opportunities to achieve housing delivery at a significant scale and pace are in limited supply.
- 3.3. Meridian Water is a pivotal regeneration scheme, which has the potential to accommodate over 8,000 new homes and 3,000 new jobs by 2030. The Meridian Water Masterplan was adopted in 2013 as Planning and Urban Design Guidance and as such, is considered to be a material consideration in the determination of planning applications, and provides a Framework for the delivery of this new community adopted by Enfield Council (the "Council") in July 2013 (Key Decision: 3699).
- 3.4. For the Council to play a pro-active role in the delivery of the Meridian Water Regeneration Scheme it has been necessary to rely on professional advice as and when appropriate. Due to the nature of the specialist advice required (i.e. site acquisition, environmental liability and development constraints) and the fact that the expertise is not readily available within the LBE, it was necessary to procure some external expertise. In researching what was available it was decided that the best course of action was to use an existing Framework.
- 3.5. The selected Framework provides savings for the whole of the UK Public Sector. Value for money, commercial procurement solutions are fully EU compliant and cover a range of sectors including Environmental and Sustainability Advice, Support and Delivery Services. The strategic focus of the Framework procurement is to provide customers with a "one stop shop" solution that will provide professional environmental related services at the right cost, as well as supporting innovation and simplifying processes.
- 3.6. The Framework allows direct awards where appropriate and was competitively tendered in accordance with OJEU rules and in line with the Framework guidance, it is on this basis that Council officers have advised members that AMEC has been used to undertake various pieces of work as follows;
 - 3.6.1. On the 13th November 2013 the Council authorised the appointment of Amec Environment & Infrastructure UK Ltd (now Amec Foster Wheeler Environment & Infrastructure UK Ltd following AMEC's successful acquisition of Foster Wheeler) for Environmental and Sustainability Advice, Support and Delivery Services (RM830) via an Operational Decision Report signed by the Director of Regeneration Leisure & Culture. That report stated that any additional work would be charged under the Framework's general hourly rates, with fees agreed in advance of work being commissioned.

- 3.6.2. In September 2014 – KD 3931 authorised all works that needed to be done for the purchase agreements on the parcels of land.
- 3.7. Council Officers acted on these authorisations by asking AMEC to undertake work and paying them in accordance with the rates stated within the individual Fee Proposals that were based on the Framework rates. The fees associated with these decisions can be found in part 2 of this report.
- 3.8. The purpose of this report is to provide an overarching authorisation for AMEC in respect of work already undertaken and to provide the services identified in paragraph 1.1 of this report, resulting in contracts for these services being in place. The call-off contracts to be entered into are associated with piece of land so that all the work undertaken for and on behalf of the Council can be provided to a developer under Warranty. This increases the value of the land as the environmental investigations do not need to be repeated.
- 3.9. The Council's approach is to purchase land that will enable the regeneration of Meridian Water to take place and to provide the strongest position of control for the Council. AMEC has formed an integral part of this process providing advice and investigations to the Council's officers, ensuring that the Council is able to buy land at its market price and is further able to maximise its return on investment. This report seeks the authority to continue using AMEC for the purposes identified in paragraph 1.1 up to a maximum value detailed in Part 2 of this report until September 2016. In September 2016 a new framework contract will be in place and a new procurement will be required.
- 3.10. On 10 February 2016, Cabinet approved report no. KD4229. This noted the request to increase the Neighbourhood Regeneration Capital Programme (approval was granted within the Budget Report on the same Cabinet Agenda) to enable the development of the next stages of Meridian Water and other schemes. Cabinet also noted the comprehensive financial model developed which illustrates how the Council will receive a return on its investment through land receipts, Housing Zone, CIL and London Regeneration Fund.
- 3.11. The model assumes that the entire cost of the Neighbourhood Regeneration Team will be met by the Meridian Water project on the basis of the key assumption that these costs can be capitalised.
- 3.12. The approval of funding for remediation costs for the year 2016/17 includes the ongoing support required by AMEC.

4. Factors for Consideration

Some of the work already resides in formal appointments for Willoughby Lane/Meridian Way and Leaside Road, but further work undertaken and proposed needs to be set within formal contracts relating to land acquisition that the work relates to.

- 4.2 It is clear that AMEC has so far been successful with assisting and informing a number of land package deals to date. As a result AMEC is very entrenched into the area and is well known and trusted by the various stakeholders, such as the Environment Agency, something that the LBE has relied on throughout the recent site acquisitions.
- 4.3 This report seeks to directly appoint AMEC to undertake further work until October 2016. This report reflects all expenditure to date and the proposed future spends up until that date, details of which can be found in Part 2.
- 4.4 Requesting a performance bond from AMEC is not provided for under the terms of the Framework.

5. ALTERNATIVE OPTIONS CONSIDERED

5.1 Do nothing.

This option was discounted. The Council has a clear mandate to deliver development across Meridian Water. The Council will require the services of experienced environmental consultants to ensure the Council benefits.

5.2 In-House.

There is no in-house expertise.

5.3 Another Procurement.

AMEC has been working closely with the Council for the last few years in a highly successful partnership. AMEC has a significant understanding of the Meridian Water project and the Council's objectives and have built effective working relationships with key stakeholders – especially the Environment Agency.

There would be a significant delay incurred through a new procurement exercise which would render the Council unable to meet its objectives regarding Meridian Water to the required timescales. Therefore this is not an acceptable course of action. The potential impact of another procurement process could be the loss of knowledge.

6. REASONS FOR RECOMMENDATIONS

- 6.1 The recommendation to appoint AMEC to provide advice and guidance in relation to land acquisition, securing viable planning consent for Phase 1 and development consultancy advice as and when required is to ensure that the Council remain on track to provide accelerated development of Meridian Water.
- 6.2 To provide information on the outcome of previous Council decisions.
- 6.3 A direct appointment is requested for the following reasons.
 - 6.3.1 AMEC has extensive knowledge of the sites, LBE and the previous owners of some of the acquisitions being purchased;

6.3.2 The Framework permits Direct Awards (as long as the body awarding the contract follows the Framework rules/guidelines, including those guidelines/rules relating to fees).

6.3.3 The Framework was competitively tendered and the rates represent the Most Economically Advantageous Tender.

7. COMMENTS OF THE DIRECTOR OF FINANCE, RESOURCES AND CUSTOMER SERVICES, AND OTHER DEPARTMENTS

7.1 Financial Implications

Contained within Part 2 of the Report

7.2 Legal Implications

7.2.1 Section 111 of the Local Government Act 1972 gives a local authority power to do anything (whether or not involving the expenditure, borrowing or lending of money or the acquisition or disposal of any property or rights) which is calculated to facilitate, or is conducive or incidental to, the discharge of any of its functions. The services from AMEC as proposed within this report are incidental to the functions of the Council and are intended to help ensure an effective provision of services and support to the Council.

7.2.2 The Council also has a general power of competence in s.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. The recommendations set out in this report are consistent with this power.

7.2.3 This report seeks funding to progress the procurement of services from AMEC. The Council must have, and retain, a clear audit trail of its decision to directly award the call-off contracts to AMEC to mitigate any risk to the Council, of potential challenge.

7.2.4 The Council must comply with all requirements of its Constitution and Contract Procedure Rules ("CPRs") and as the contract value exceeds the EU threshold, the Council must also comply with the Public Contracts Regulations 2015.

7.2.5 Throughout the engagement of AMEC as a service provider, the Council must comply with its obligations of obtaining best value, under the Local Government (Best Value Principles) Act 1999. The Council must keep a clear audit trail of its decision to award these services to AMEC, in order to demonstrate that best value has been, and will continue to be, obtained for the Council.

7.2.6 The Council's Constitution and in particular the CPR's permit the Council to call-off from an existing framework as long as the framework terms permit such. The Council's Corporate Procurement Team has conducted due diligence on the use

of the Framework, and is satisfied that the Council may procure such services, in accordance with the Framework.

- 7.2.7 The Council proposes to directly award the contracts to AMEC in accordance with the Framework under Lot 16. The Framework permits direct award and the Council must ensure it complies with the Framework rules and in particular, the "direct award rules".
- 7.2.8 All legal agreements arising from the matters described in this report must be approved in advance of contract commencement by the Assistant Director of Legal and Governance Services.
- 7.2.9 CPR 21 requires a performance bond / parent company guarantee to be obtained from contractors, where a contract exceeds £250,000.00 in value, unless the relevant departmental Director and the Director of Finance, Resources and Customer Services deems this unnecessary. Such security shall not be obtained in this instance for the reasons outlined in paragraphs 2.4 and 4.4 of this report.
- 7.2.10 As the contract value exceeds £250,000 this is a Key Decision and the Council must comply with the Key Decision procedure. It has been confirmed that approval from the Procurement & Commissioning Board has been obtained.

7.3 Property Implications

There are no property implications

7.4 Procurement Implications

- 7.4.1 The CPRs state that competitive procurement is not required where a legally compliant framework agreement is in place which the Council has procured or has the right to access (subject to complying with the rules applicable to that framework. Not all frameworks allow for a direct call off and in order to be compliant it is necessary to follow the process applicable to that particular framework. It is important that due diligence on the framework has been carried out to ensure that the Council can access the framework, that there is sufficient time left on the framework and that it allows for a direct award.
- 7.4.2 The risk of direct award is that by not competing the requirement it is difficult to demonstrate that the price is competitive and also that the product is the best solution.

8. KEY RISKS

- 8.1 Not appointing consultants to provide much needed advice and guidance in relation to land acquisition, securing viable planning consent for Phase 1 and development consultancy advice as and when required could mean that the Council is undertaking work that could hinder the planned accelerated deliver of Meridian Water. Consequences to the Council could result in fines, litigations, sanctions etc.

- 8.2 Procurement challenge. There is always the risk of challenge when undertaking a procurement process. However, the Framework was competitively tested.
- 8.3 Financial risk. The Council may not recover its investments into projects. The Meridian Water programme has been subject to a comprehensive financial model noted by Cabinet in Report KD4229. The financial model includes for professional fees from the years 2016/17 onwards. The money being requested to fund AMEC for the years 2016/17 forms part of the fee allocation in the financial model. In fact, continuing to pay for services from the remediation allocation of the Neighbourhood Regeneration Capital Budget reduces the financial risk as it is a critical factor in meeting the Council's objectives on timescales and increasing the value of the Council's land in Meridian Water.

9. IMPACT ON COUNCIL PRIORITIES

9.1 Fairness for All

The appointment of a property consultant will ensure that the Council is in a strong position to negotiate a robust and fair deal with the master developer to ensure that the Council maximises its return on the investment being directed to Meridian Water. This will ultimately ensure that the Council is in a stronger position to better serve the LBE.

9.2 Growth and Sustainability

- 9.2.1 The acquisition of land at Meridian Water and providing advice that will ensure that the phase 1 planning application is successful will provide new housing jobs and training opportunities which will support growth and sustainability.

9.3 Strong Communities

A new community of no less than 8,000 homes and 3,000 jobs will begin to come forward as the Council's joint venture with a master developer is realised. The partnership will seek to ensure that the new community welcomed into the borough brings along benefits that can be shared with the existing community. This will entail new infrastructure, job opportunities and an assortment of new housing capable of meeting the needs of existing residents.

10. EQUALITY IMPACT IMPLICATIONS

- 10.1 The Council will receive the strategic advice it requires to enable the successful procurement of a master developer for Meridian Water. This will result in the delivery of a minimum of 8,000 new homes and 3,000 new jobs by 2030 which will be available to local residents. By employing high quality property consultancy advice, the Council will be able to ensure it is acting in the best interests of its communities.
- 10.2 The revised capital programme which was approved by Cabinet on 10 February 2016 was accompanied by an Equalities Impact Assessment. The overarching

aim of the Neighbourhood Regeneration Team is to improve the quality of life for all, within the Council's priority regeneration areas. Individual PEQIAs are prepared for each project, setting out the equalities impacts for individual interventions. The Council will work with all members of the team to ensure equality impacts assessments are considered and completed as required at all stages of the regeneration process.

11. PERFORMANCE MANAGEMENT IMPLICATIONS

- 11.1 The delivery of Meridian Water supports Enfield Council Business plan Objective 2.10 (Improved quality of life for residents through regeneration of priority areas).

12. PUBLIC HEALTH IMPLICATIONS

The development of Meridian Water will make a positive step towards bringing 85Ha of Brownfield land into safe developable land. The services of property consultants will put the Council into an advantageous position to ensure that the Council's flagship development opportunity takes steps to improve the environment, encourage healthy lifestyles, reduce pollution and improve social cohesion.

Background Papers

None